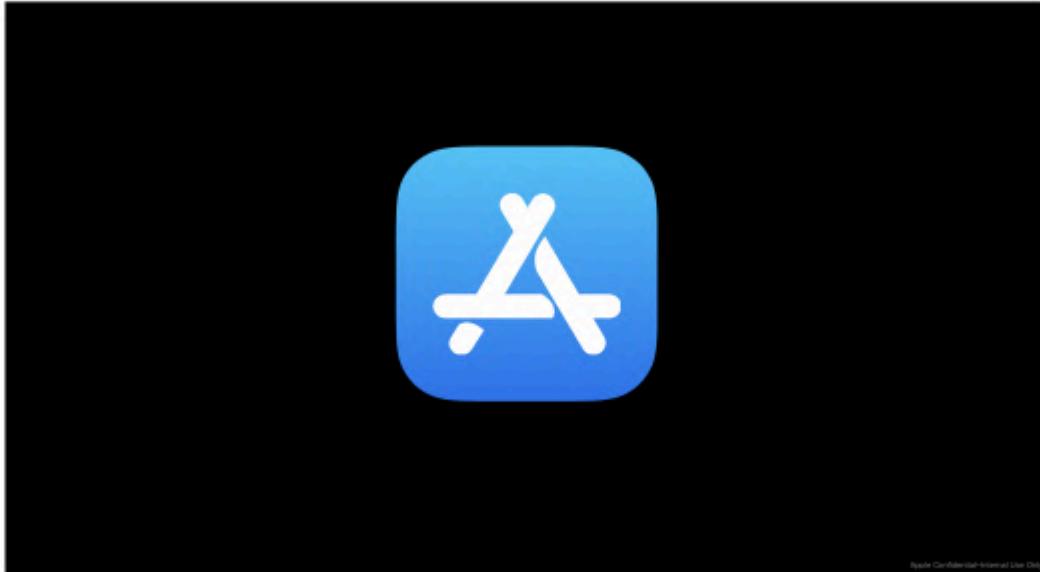


**PLAINTIFF**  
U.S. District Court - NDCAL  
**4:20-cv-05640-YGR-TSH**  
*Epic Games, Inc. v. Apple Inc.*  
**Ex.No. PX-0602**  
Date Entered \_\_\_\_\_  
By \_\_\_\_\_



Good afternoon. We're excited to give you an update on how the next year is shaping up for the App Store.

**Exhibit**  
**PX 602**

PX-0602.1  
APL-APPSTORE\_08883133

## Agenda

Business Update  
FY'19 Focus Areas  
Financials  
Resources

Printed On: 04/16/2019 - 10:45 AM (User: D001)

PX-0602.2

APL-APPSTORE\_08883134

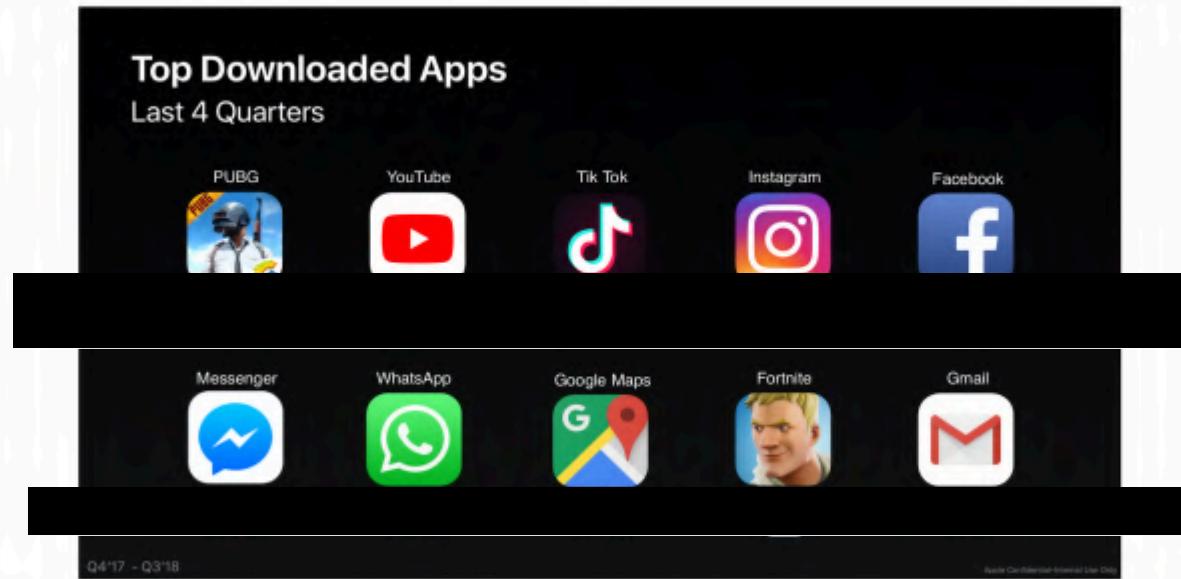
## Business Update

Let's get started with an update on the business...

## Downloads

PX-0602.4

APL-APPSTORE\_08883136



Here are the top downloaded apps over the last year. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

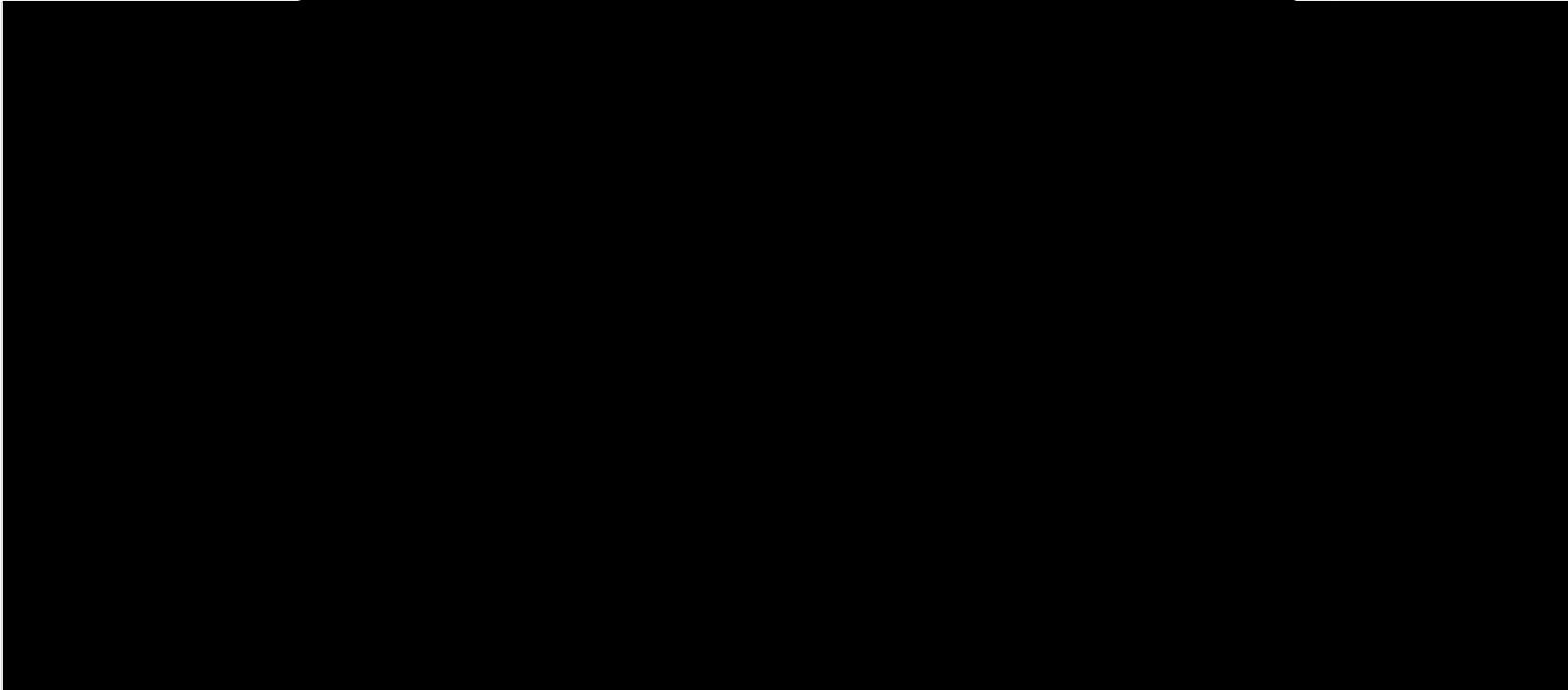
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## Transacting Accounts

PX-0602.6

APL-APPSTORE\_08883138

## Paying Accounts



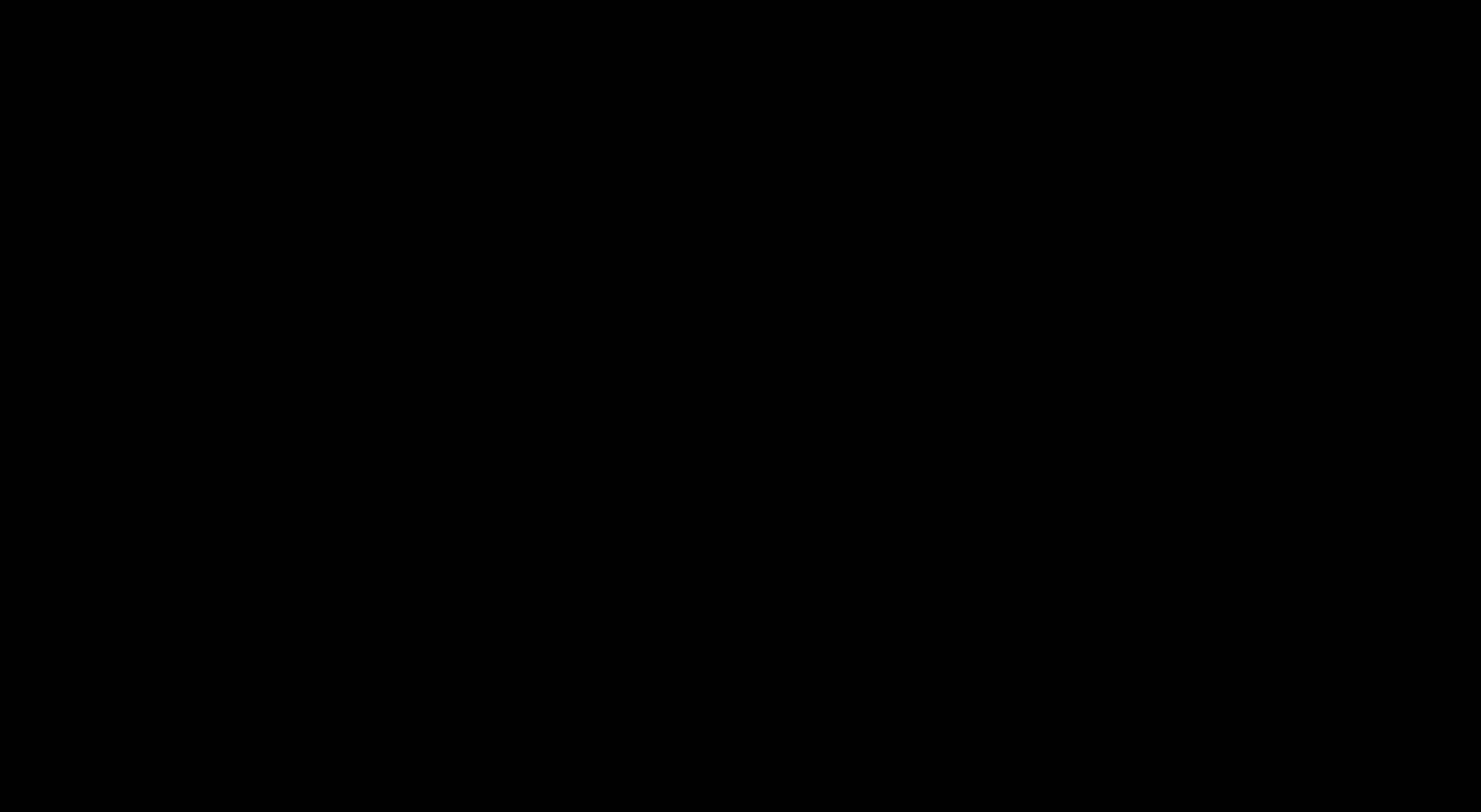
PX-0602.7

APL-APPSTORE\_08883139

## Paying Accounts

## Paying Accounts By Region FYQ3 '18

Billings



PX-0602.10

APL-APPSTORE\_08883142

PX-0602.11  
APL-APPSTORE\_08883143

HIGHLY CONFIDENTIAL - ATTORNEYS' EYES ONLY

## Billings By Region FYQ3 '18

## Billings Fast Movers FYQ3 '18

PX-0602.13

APL-APPSTORE\_08883145

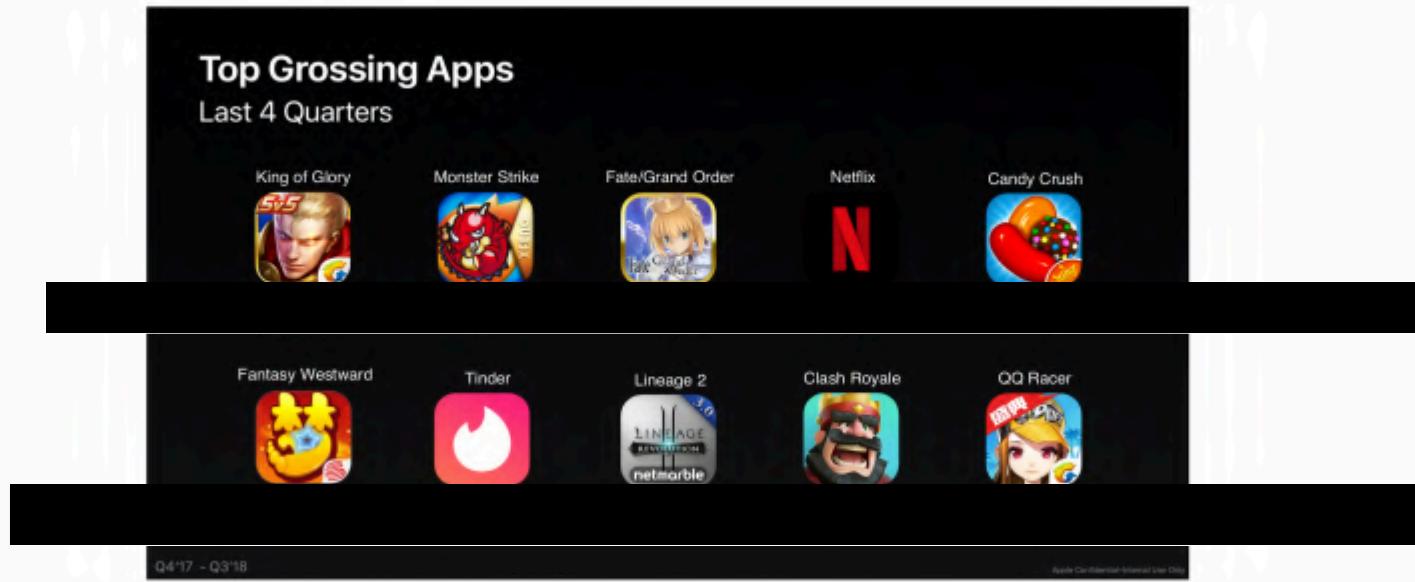
## Games & Subscriptions Billings

FY'18 Forecast

PX-0602.14

APL-APPSTORE\_08883146

## Billings By Region



## Top Grossing Games

Last 4 Quarters

King of Glory



Monster Strike



Fate/Grand Order



Candy Crush



Fantasy Westward



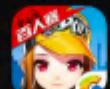
Lineage 2



Clash Royale



QQ Racer



Puzzle & Dragons



Clash of Clans



Q4'17 - Q3'18

Source: App Annie - Internal Use Only

## Subscriptions Billings

PX-0602.19  
APL-APPSTORE\_08883151

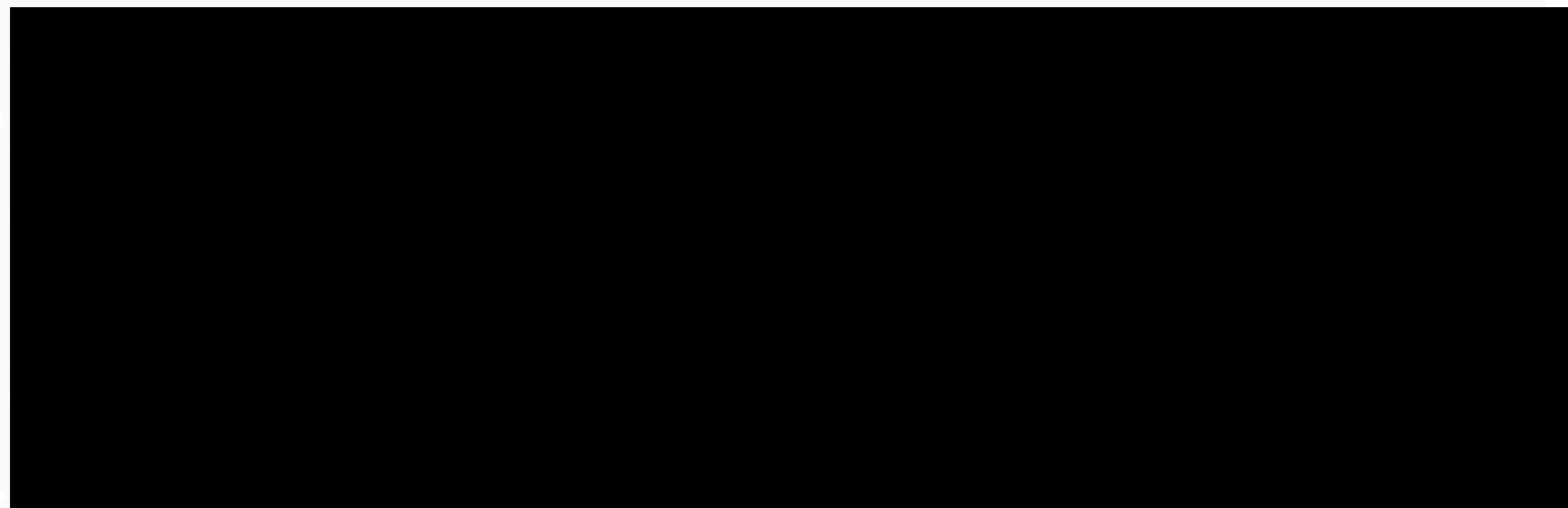
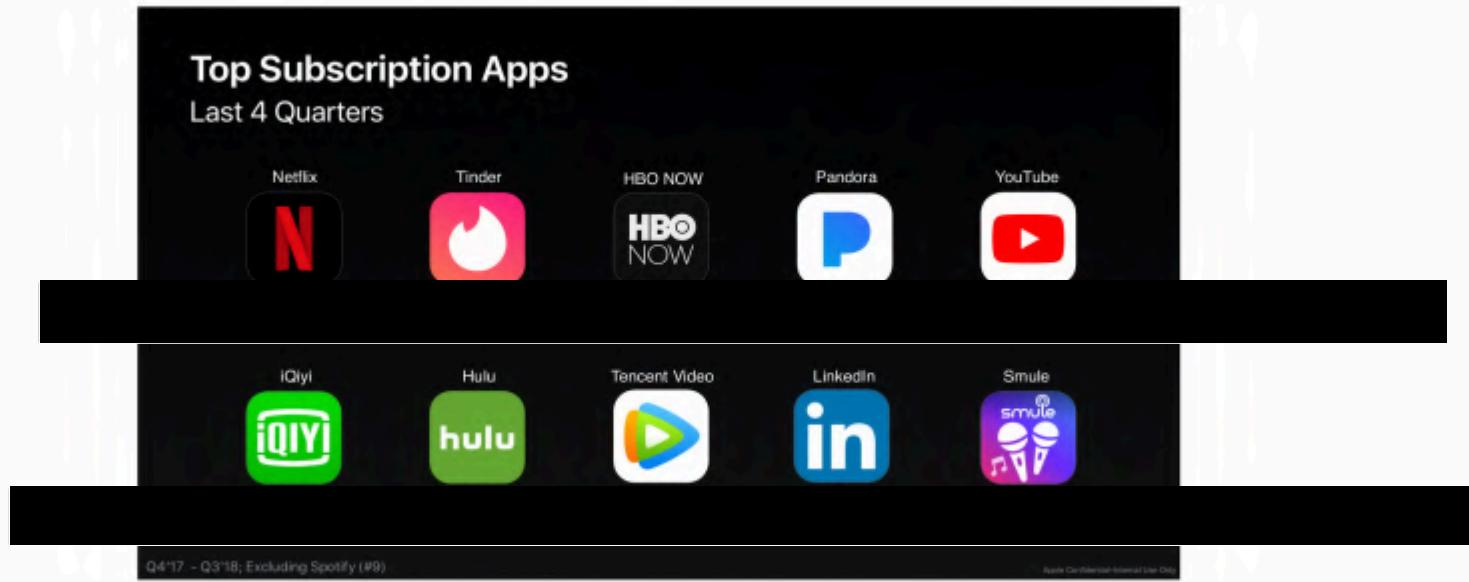
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APL-APPSTORE\_08883152

HIGHLY CONFIDENTIAL - ATTORNEYS' EYES ONLY

PX-0602.21  
APL-APPSTORE\_08883153

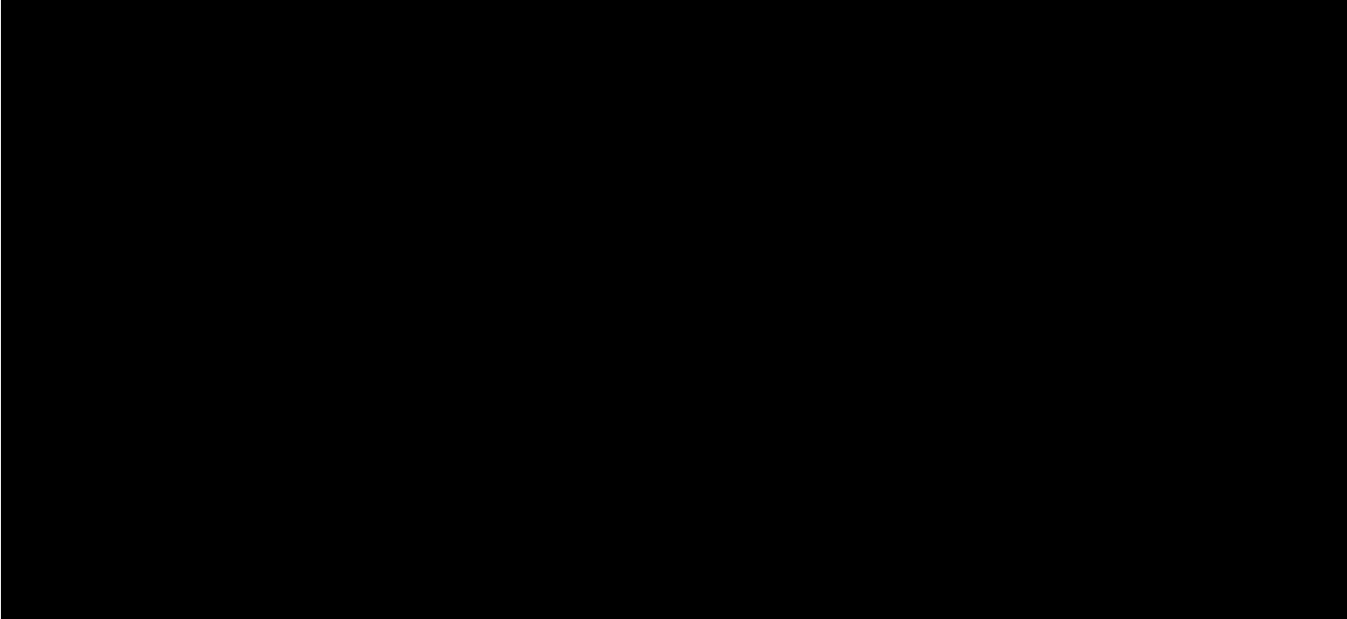
HIGHLY CONFIDENTIAL - ATTORNEYS' EYES ONLY



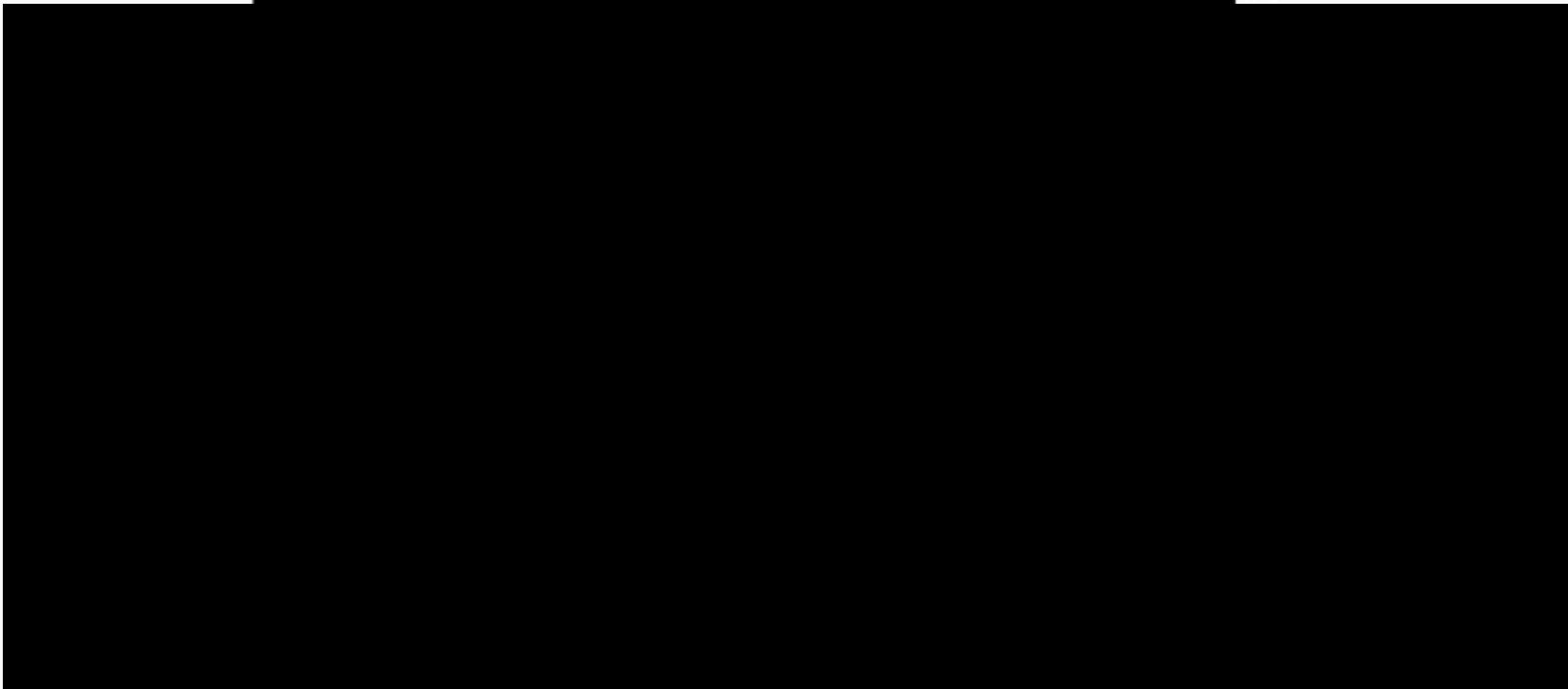
## Business KPIs

Last 4 Quarters

## Transacting Accounts



## Downloads



PX-0602.25

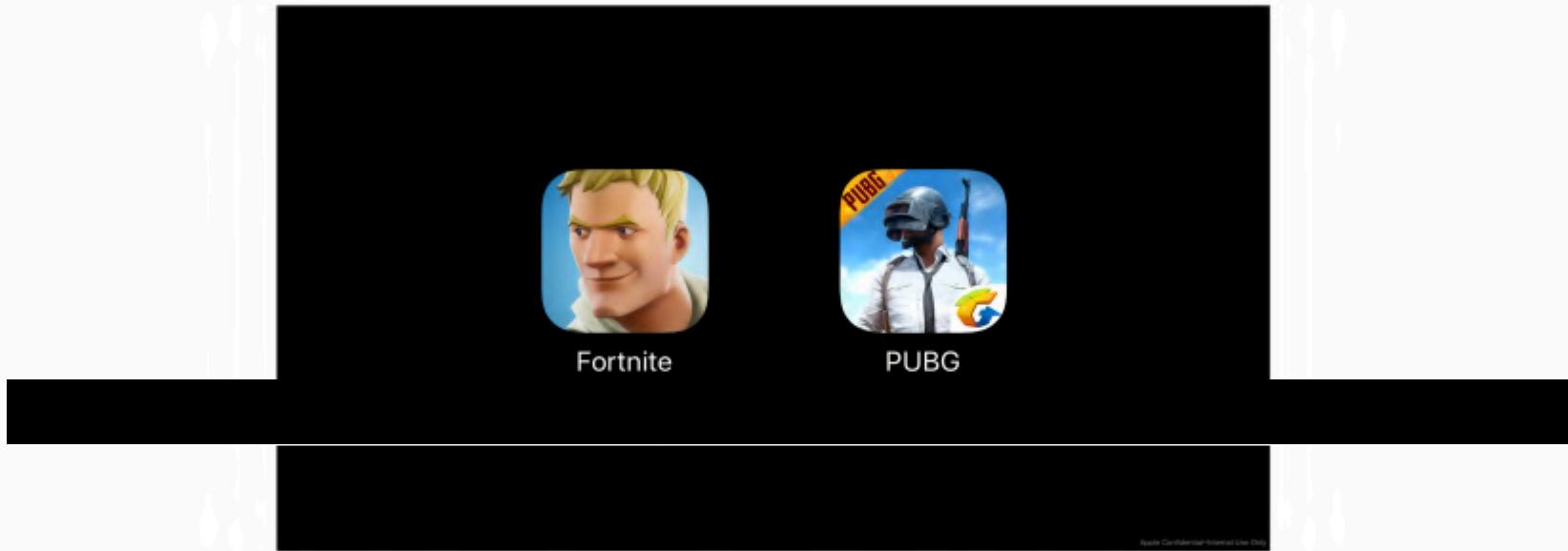
APL-APPSTORE\_08883157

## Paying Accounts

PX-0602.26

APL-APPSTORE\_08883158

## Apple Driving Growth



Like Fortnite and PUBG. After launching 4 months ago, Fortnite is still only on the App Store. It's still not on Android.



Fortnite

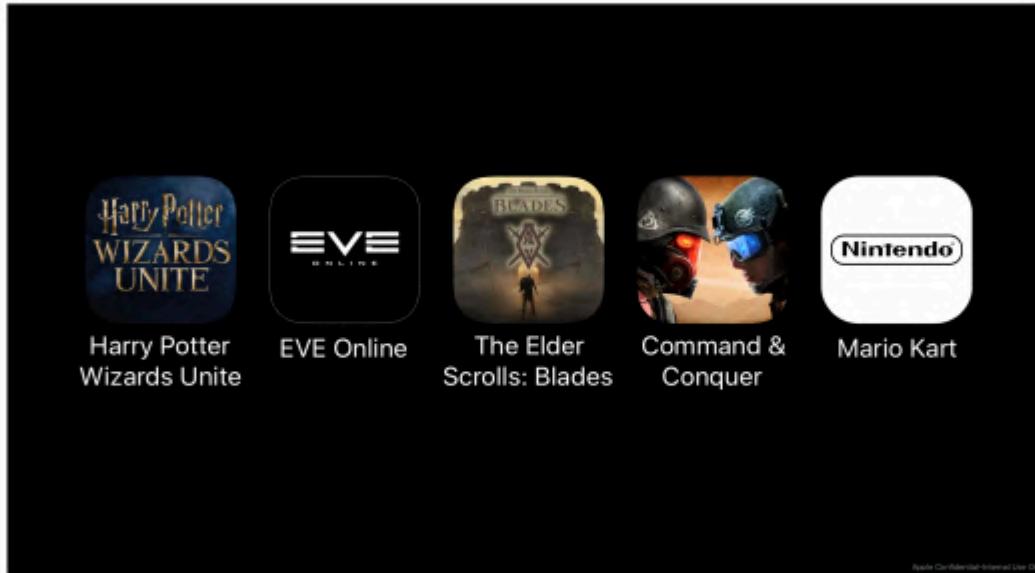


PUBG

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PX-0602.29

APL-APPSTORE\_08883161



-We anticipate the launch of other new games later this year like

- Niantic's Harry Potter Wizards Unite
- EVE Online in China
- Bethesda's Elder Scrolls: Blades
- EA Command & Conquer
- Mario Kart

...will have a huge impact as new hits on the App Store.

## Agenda

Business Update

FY'19 Focus Areas

Financials

Resources

Print. On Demand. Inserted Use Only.

That's the Business Update.

Now let's talk about our Focus Areas for FY'19.

## FY'19 Focus Areas

PX-0602.32

APL-APPSTORE\_08883164

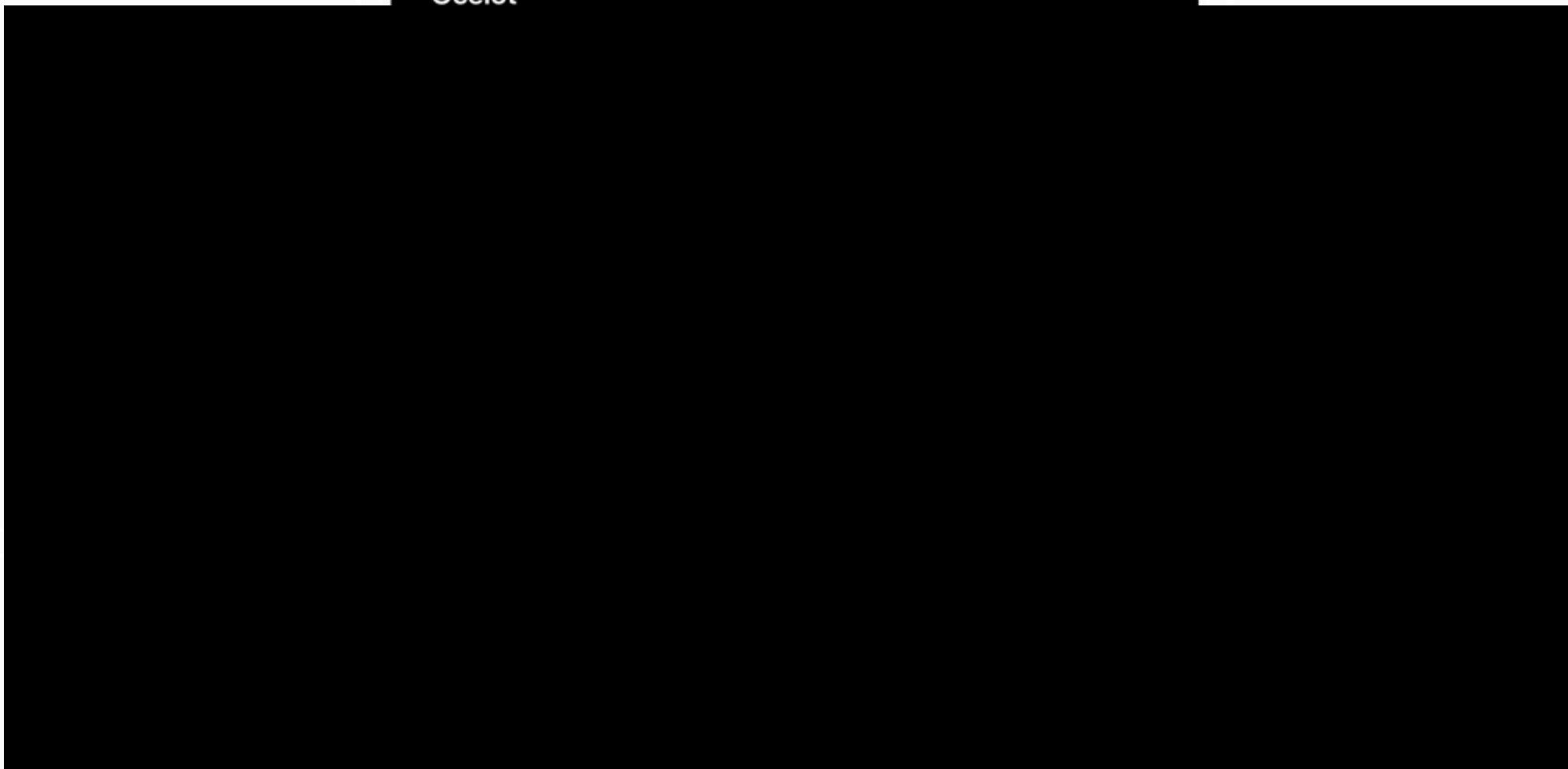
## FY'19 Focus Areas

Ocelot

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APL-APPSTORE\_08883166

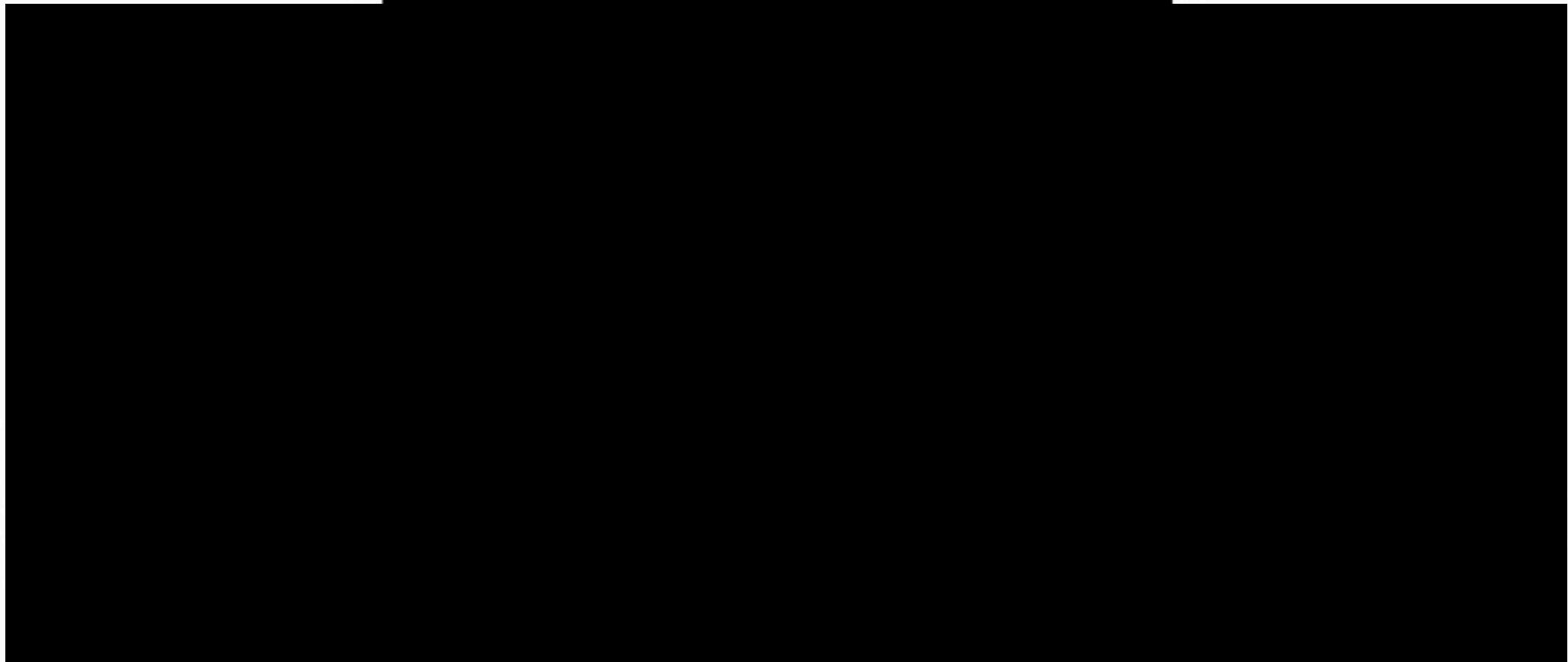
Ocelot



PX-0602.35

APL-APPSTORE\_08883167

## Ocelot Content



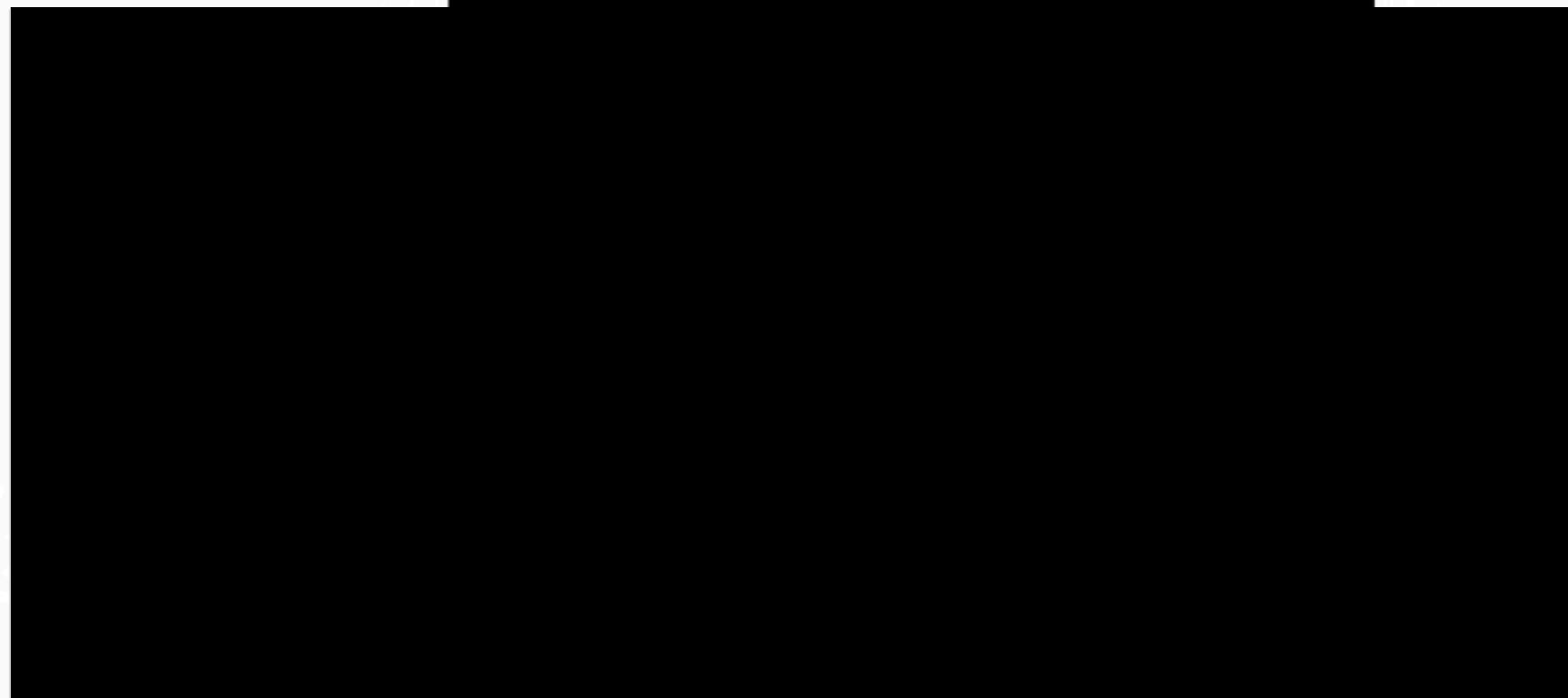
PX-0602.36

APL-APPSTORE\_08883168

## Ocelot - Strong Developer Interest

PX-0602.37

APL-APPSTORE\_08883169



PX-0602.38

APL-APPSTORE\_08883170

## Ocelot - Titles Proposed

## Ocelot - Upcoming Proposals

## Ocelot - Hiring Update

PX-0602.41

APL-APPSTORE\_08883173

## Ocelot - Timeline

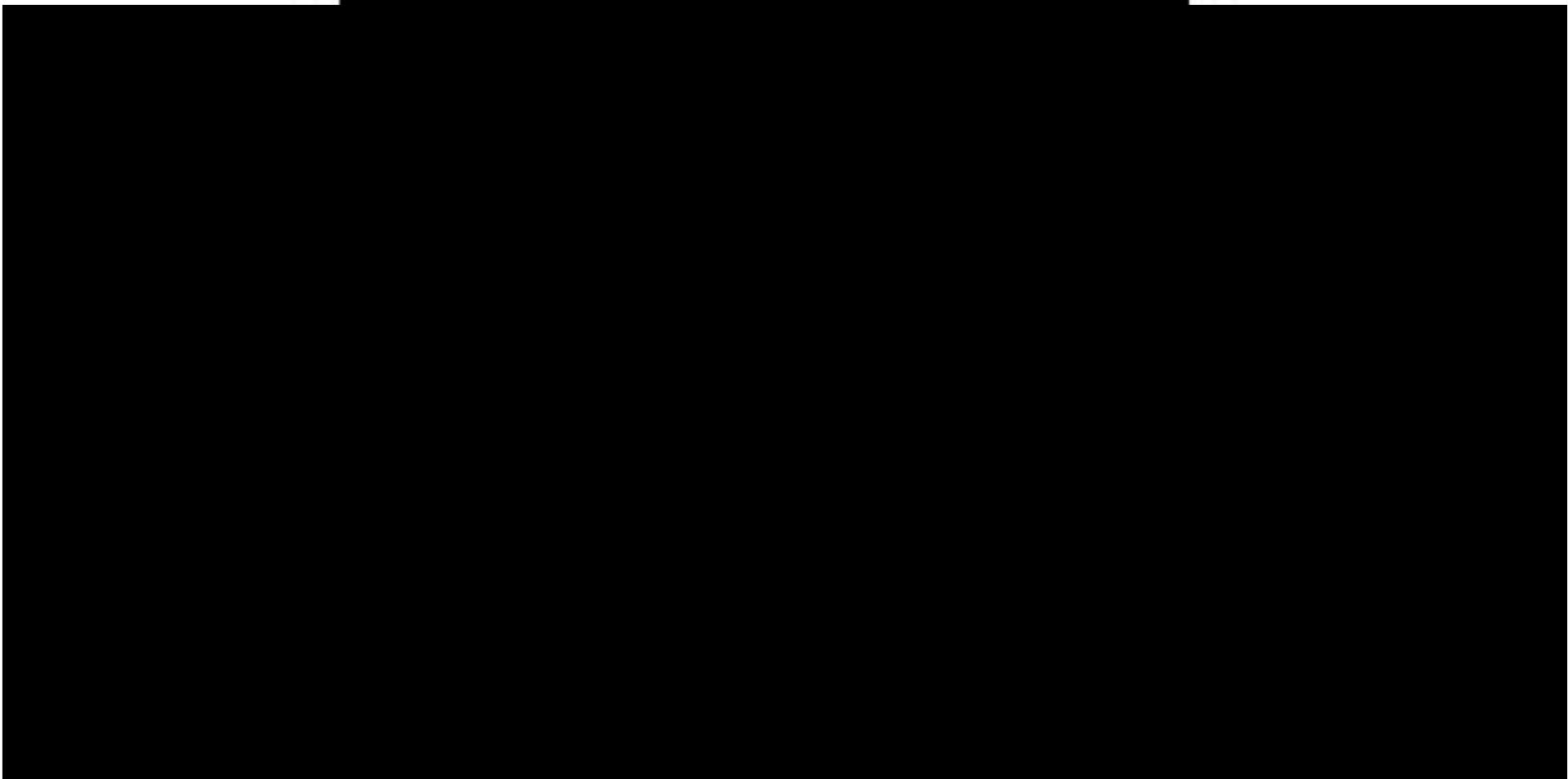
Ocelot - P&L

PX-0602.43

APL-APPSTORE\_08883175

## Ocelot - Estimated Upfront Content Costs

## Ocelot - Content Acquisition



PX-0602.45

APL-APPSTORE\_08883177

## Ocelot - Content Acquisition and Amortization

## FY'19 Focus Areas

Games  
Subscriptions  
International  
Discovery

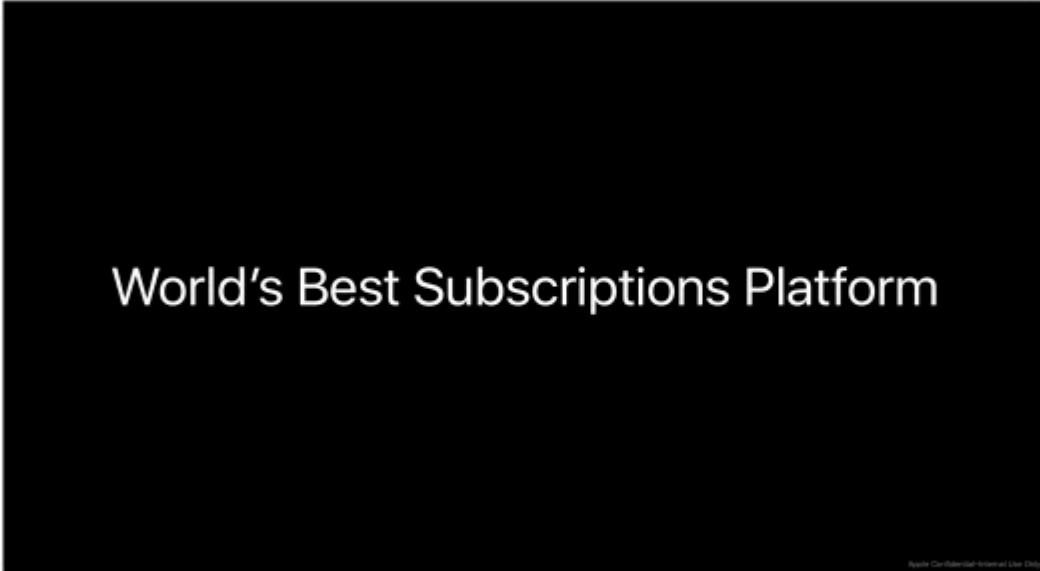
Reads. Our platform. Your local User Data.

[ANN]

Matt Railo on Jennifer Bailey's team leads our Subscriptions and Commerce team, but unfortunately he couldn't be here, and asked me to present this as the product manager covering subscriptions.

PX-0602.47

APL-APPSTORE\_08883179



## World's Best Subscriptions Platform

Apple Confidential - Internal Use Only

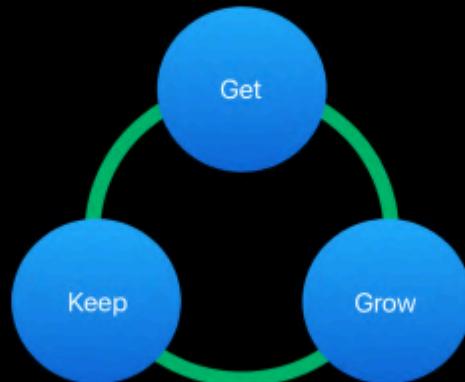
- Simply put, our goal is to build the best subscriptions platform in the world—not only for ourselves, but for customers and third party developers too.
- Over the last couple years we have gotten a good understanding of the subscriptions business through third party subscriptions, Apple Music, and iCloud. We've been highly successful based on the numbers Matt shared, but there's tons more we want to do to grow the business.

## Subscription Billings Growth Across AMP

PX-0602.50  
APL-APPSTORE\_08883182

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## Subscriptions Life Cycle



Proprietary and Confidential - Unauthorised Use Is Disc

Most Transactors Don't Yet Subscribe

Get

Most App Store Transactors Don't Yet Subscribe

PX-0602.53

APL-APPSTORE\_08883185

## Most App Store Transactors Don't Yet Subscribe

## Subscriptions per subscriber

Page 20 (of 20) - Internal Use Only

PX-0602.55

APL-APPSTORE\_08883187

Subscriptions Per Subscriber

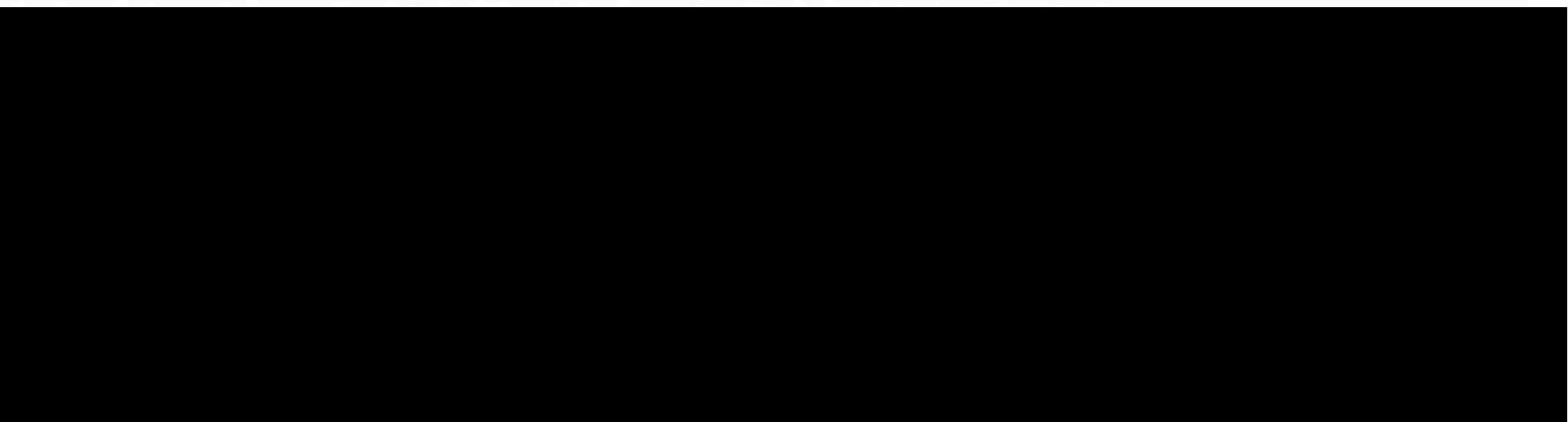
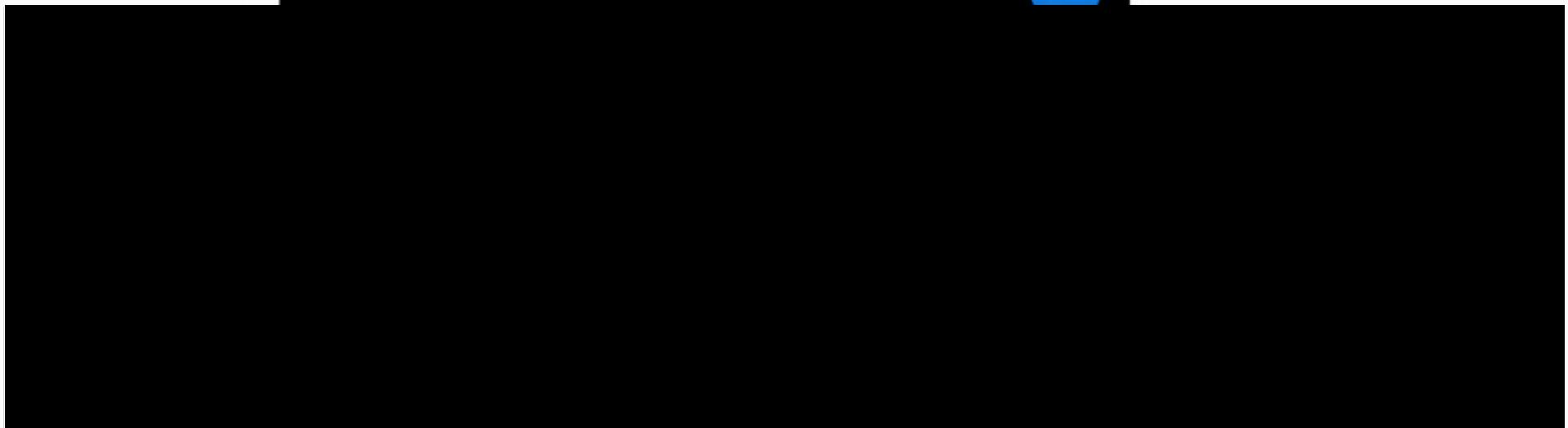
Grow

PX-0602.56

APL-APPSTORE\_08883188

## Subscriptions Per Subscriber

Grow



PX-0602.57

APL-APPSTORE\_08883189

## Voluntary vs. Involuntary Churn

## Subscription Features

Get

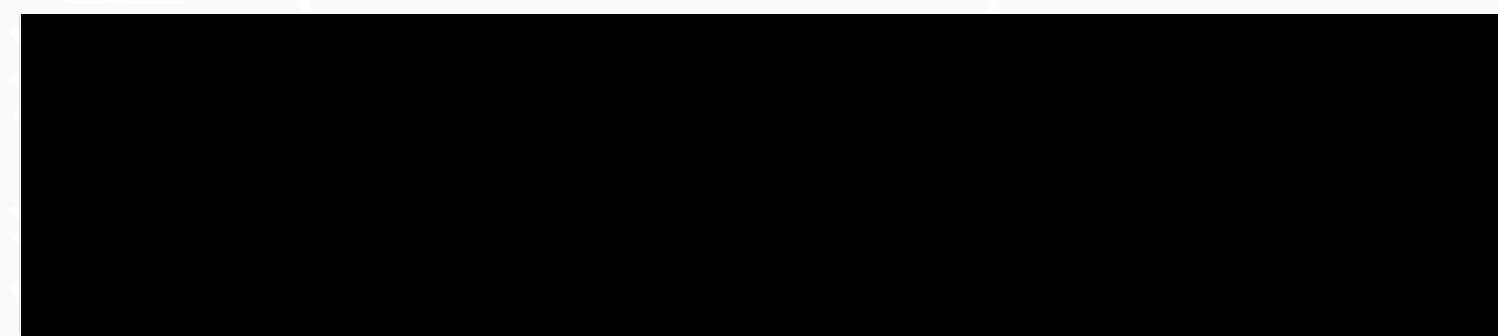
Grow

Keep

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APL-APPSTORE\_08883194



## Subscription Features

Get

Grow

Keep

## Subscription Features

Get

Grow

Keep

PX-0602.65

APL-APPSTORE\_08883197

## Subscriptions - Projected Impact

Cumulative Incremental Billings over 5 years

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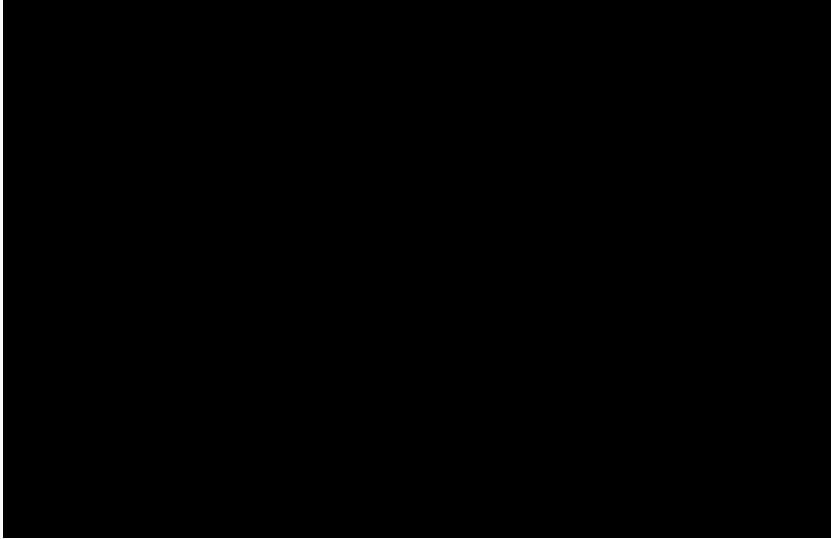
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## App Store Subscriptions Lift Assumptions

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## App Store Subscriptions Lift Assumptions

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## FY'19 Focus Areas

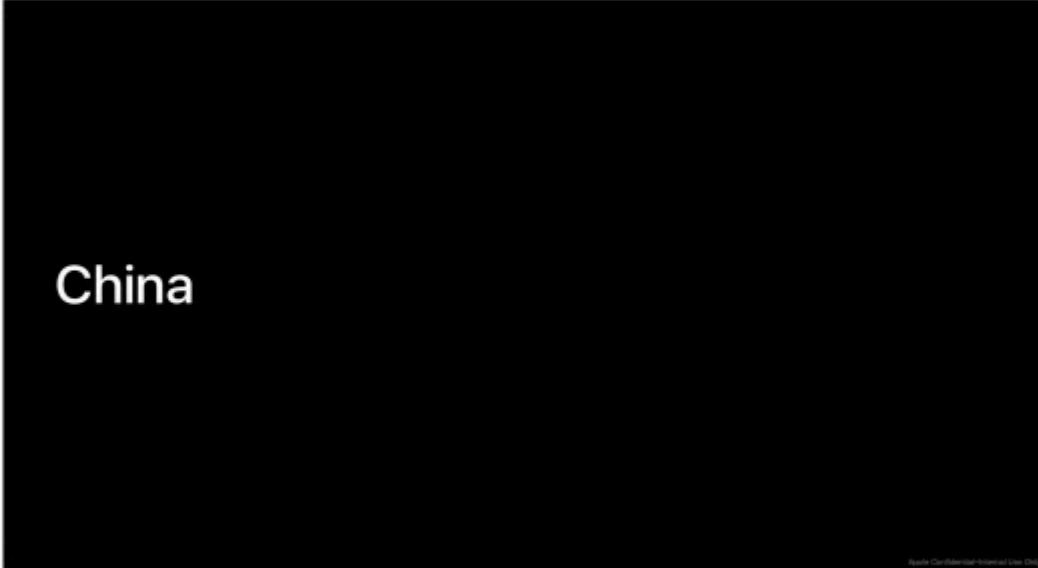
Games  
Subscriptions  
International  
Discovery

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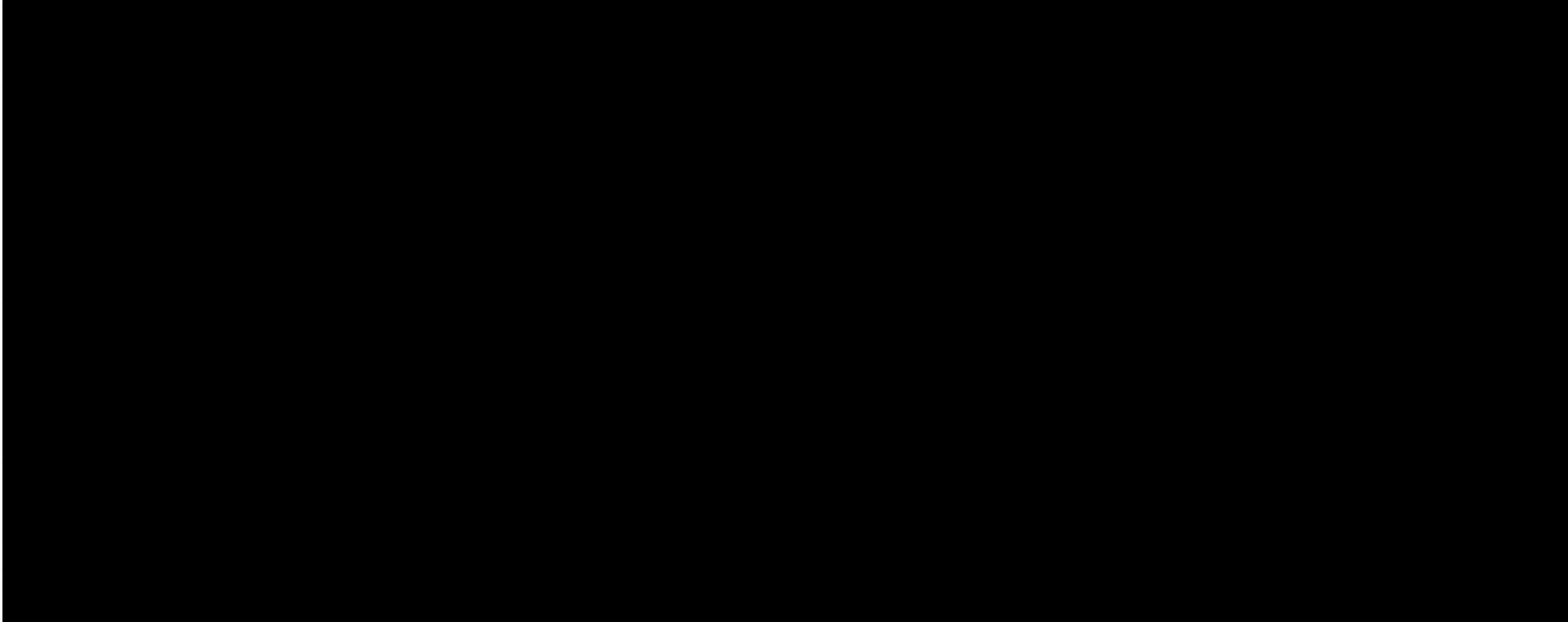
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China

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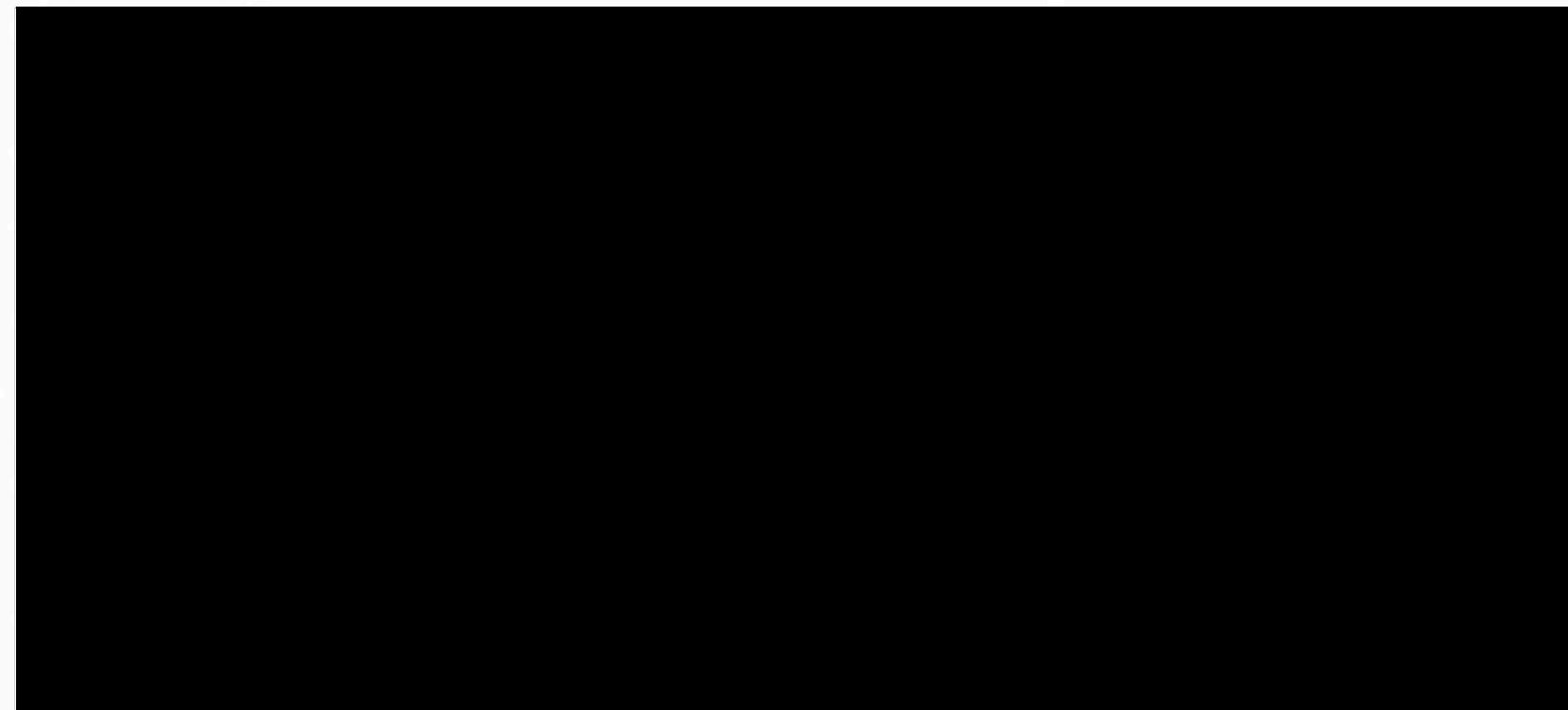
APL-APPSTORE\_08883205

## China Billings

By Fiscal Quarter, Domestic Local Currency

0602.74

APL-APPSTORE\_08883206



PX-0602.75

APL-APPSTORE\_08883207

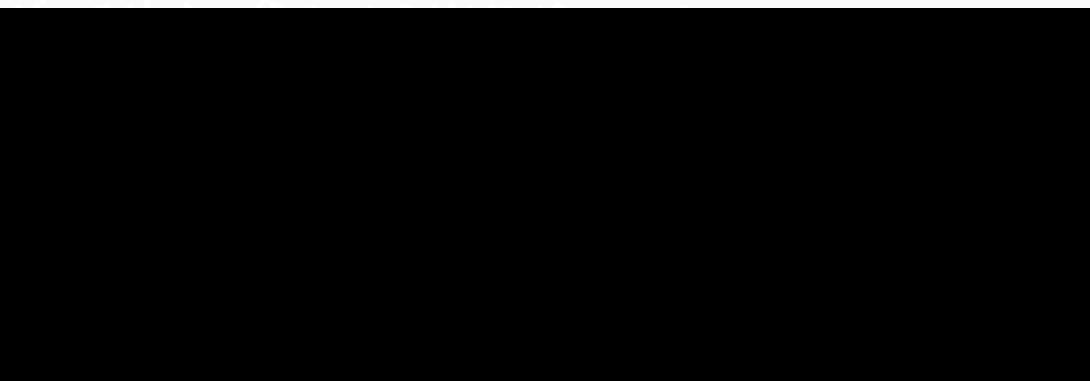
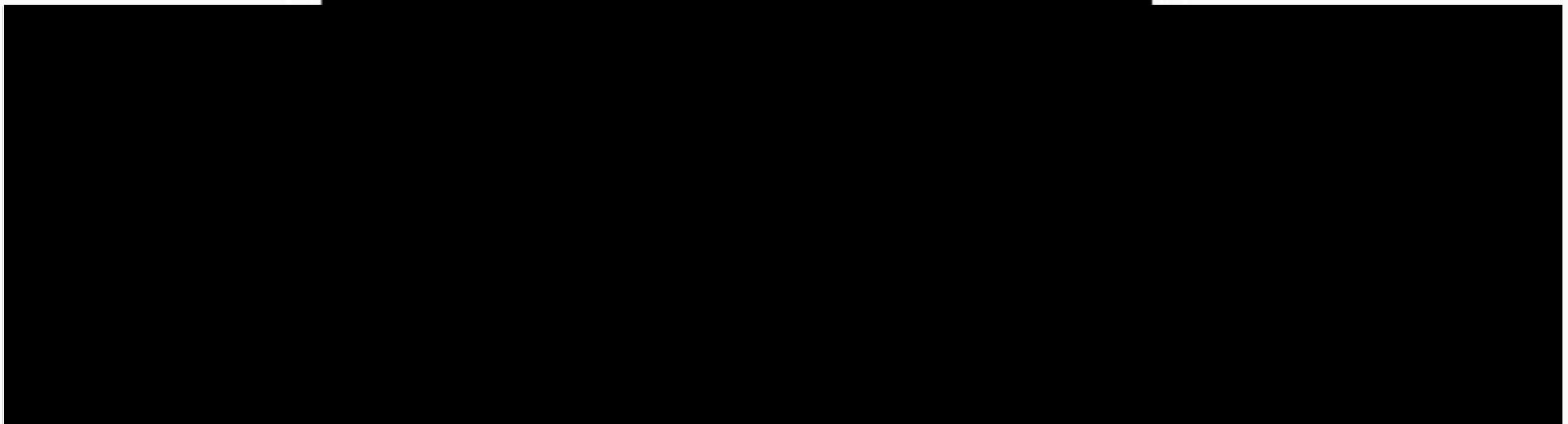
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## China's Developers FY18H1 Billings

## China's Developers FY18H1 Billings

In the first half of FY18, China's developers made a total

## China's Developers FY18H1 Billings



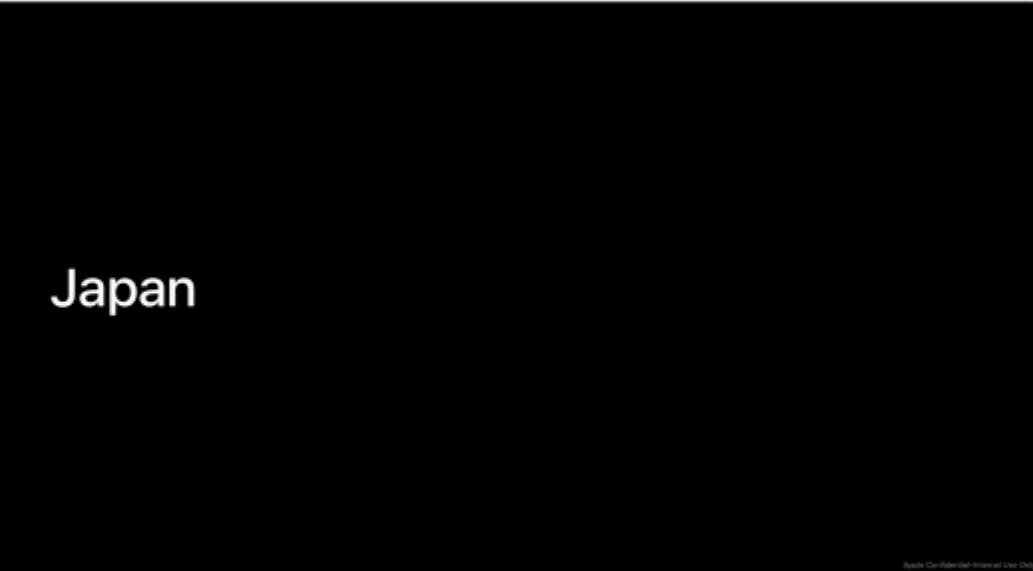
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## China's Developers FY18H1 Billings

## China's Developers FY18H1 Billings

## China's Developer Landscape



Japan

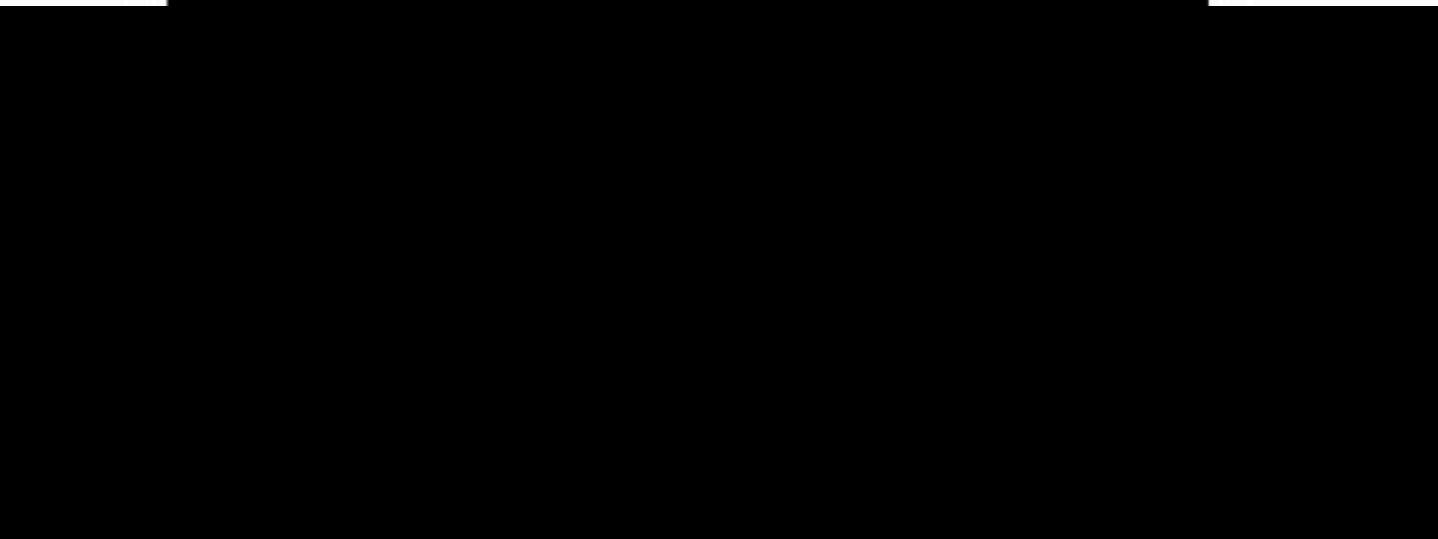
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So let's talk about Japan.

PX-0602.82

APL-APPSTORE\_08883214

Japan Billings



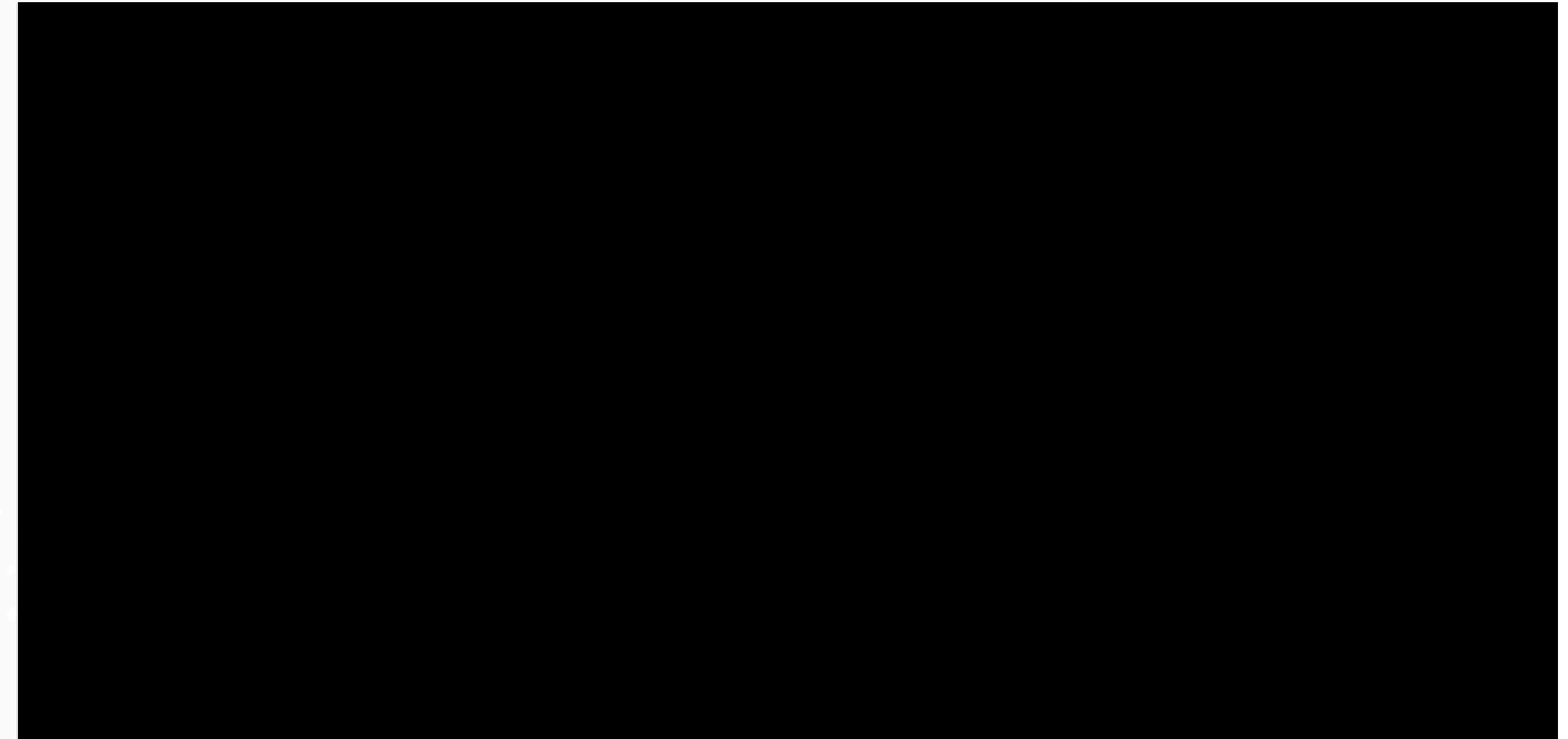
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PX-0602.83

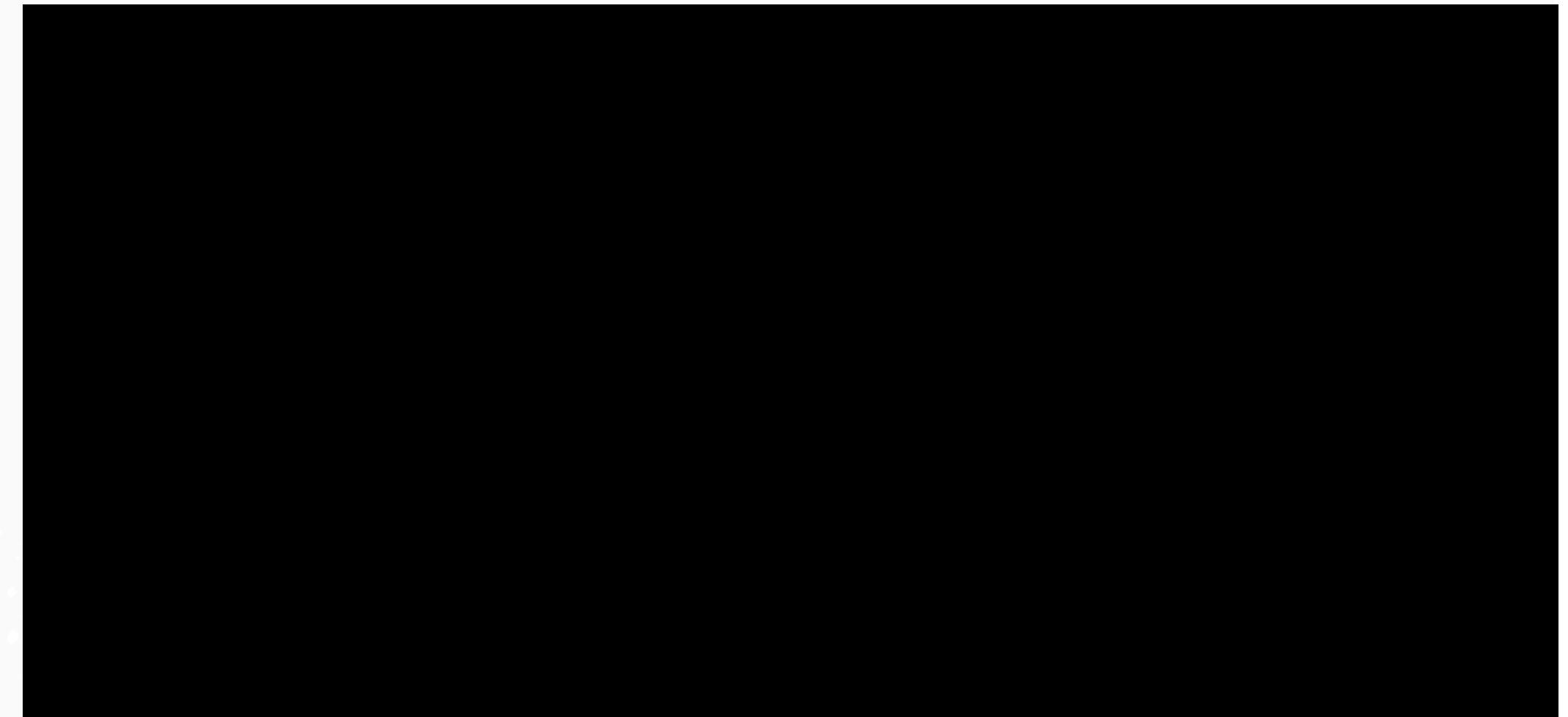
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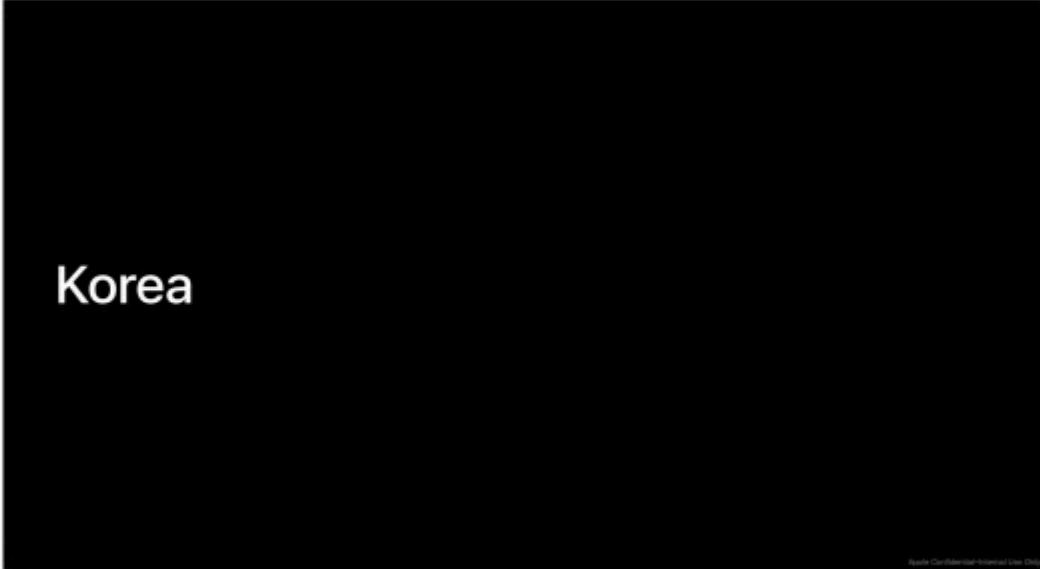
## Japan YoY Billings Growth Trend



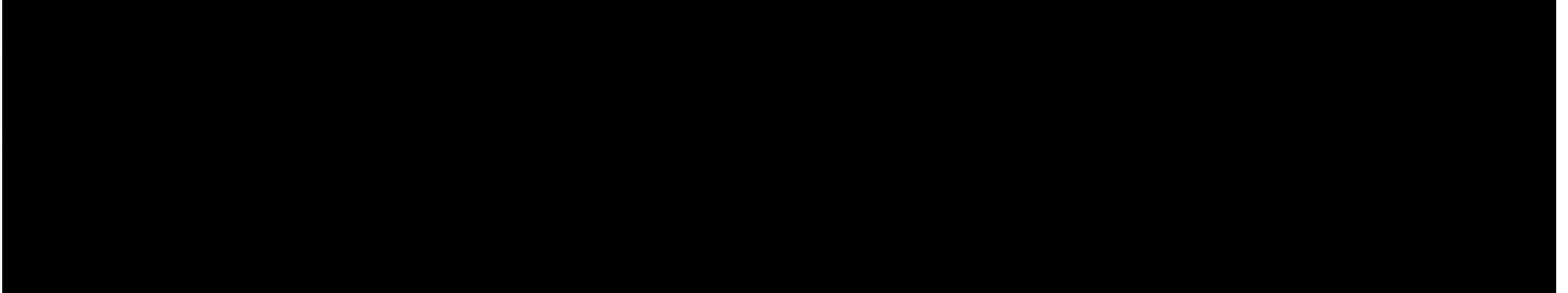
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APL-APPSTORE\_08883218

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Korea

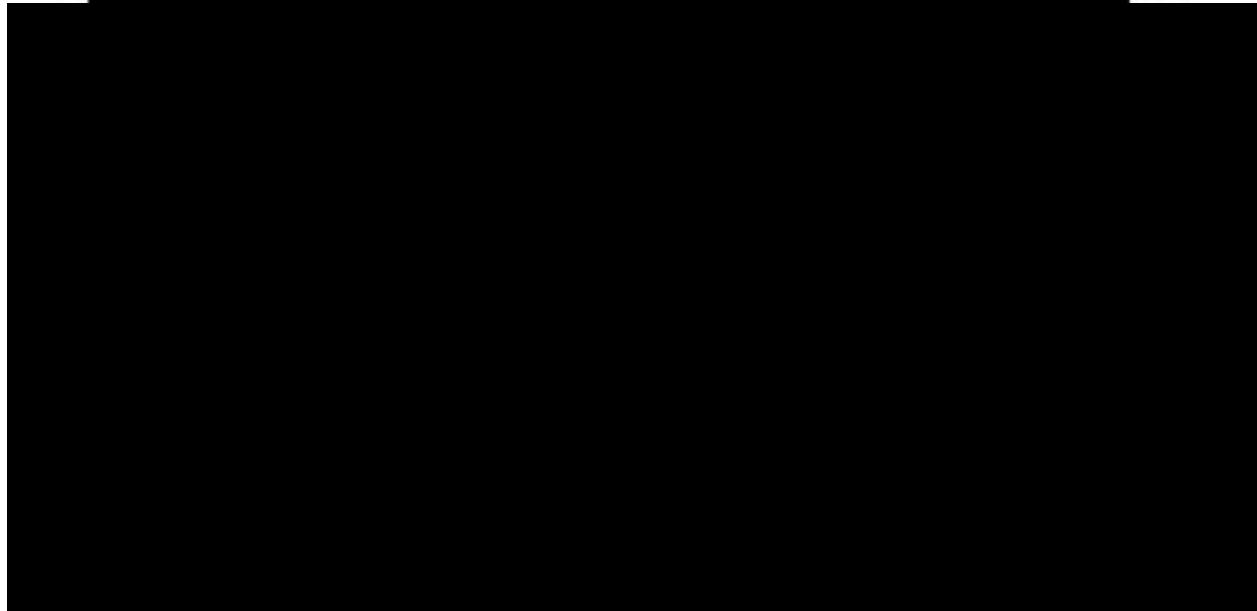


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PX-0602.88

APL-APPSTORE\_08883220

## Payments Program Summary



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APL-APPSTORE\_08883221

## Payments Program Incremental Billings

PX-0602.90

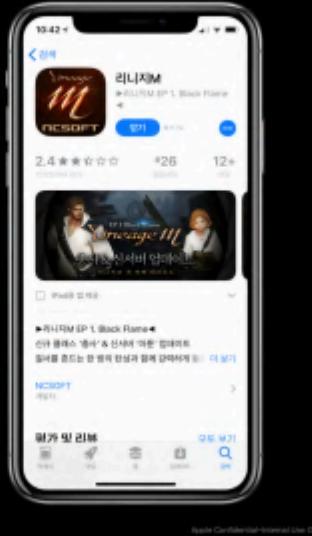
APL-APPSTORE\_08883222

## Korea - Local Currency Conversion

- Local currency conversion September 2018
- Local payment methods December 2018



## Korea 19+ Games



02.92

APL-APPSTORE\_08883224

PX-0602.93  
APL-APPSTORE\_08883225

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Lineage M: Korea (limited version) vs. Taiwan

PX-0602.94

APL-APPSTORE\_08883226

Lineage M: Potential opportunity

PX-0602.95

APL-APPSTORE\_08883227

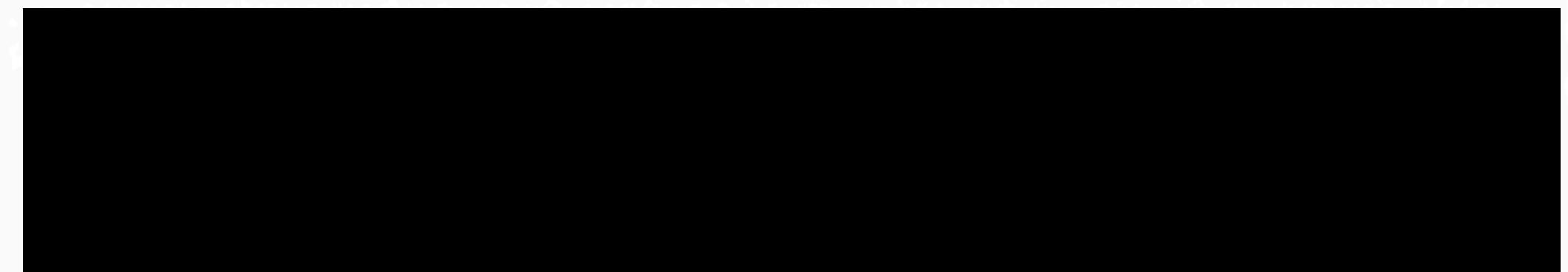
## Language Expansion

Let's talk about Language Expansion, which has been a big priority for me this year.

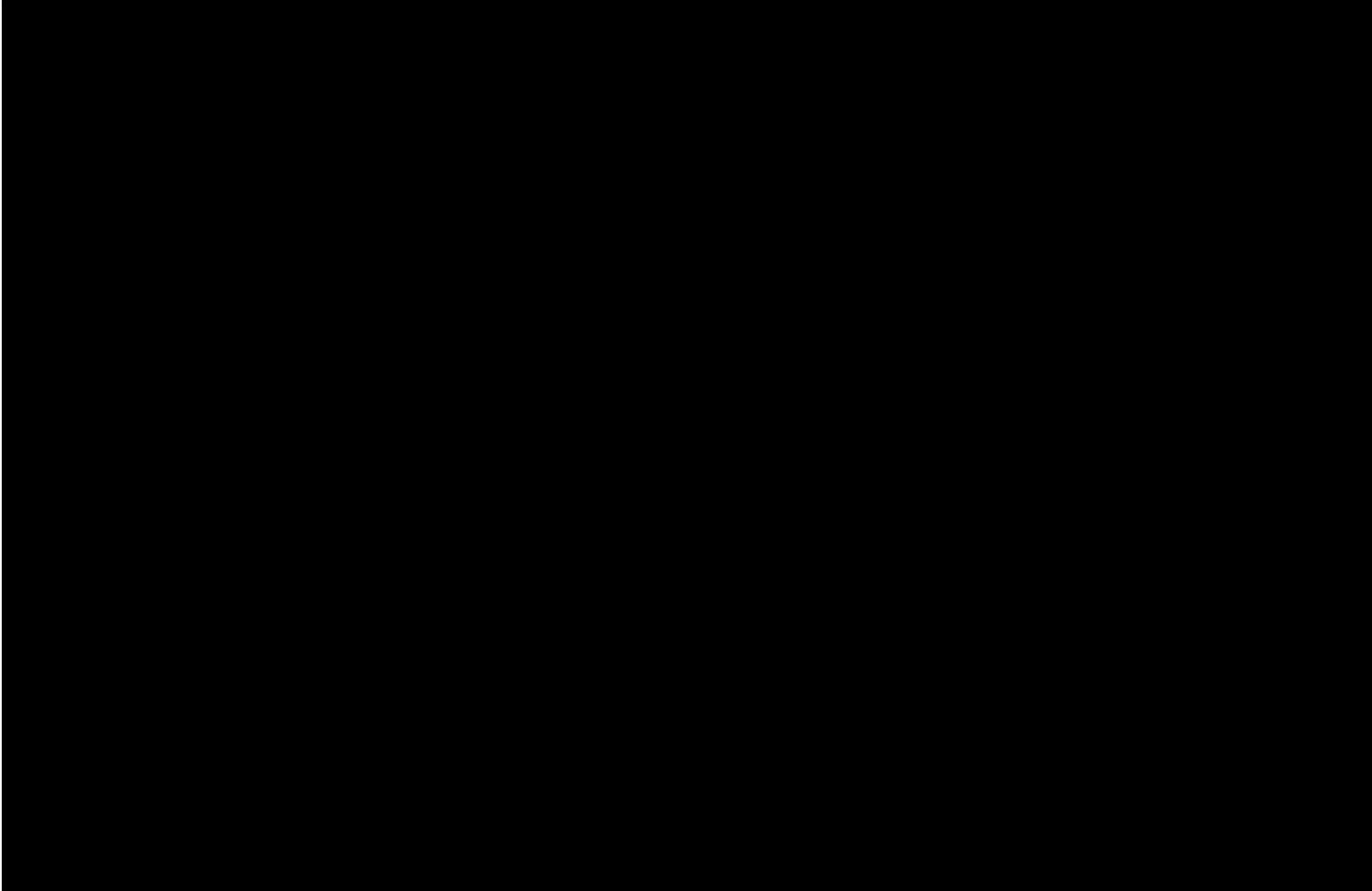
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APL-APPSTORE\_08883228

## Language Expansion Program



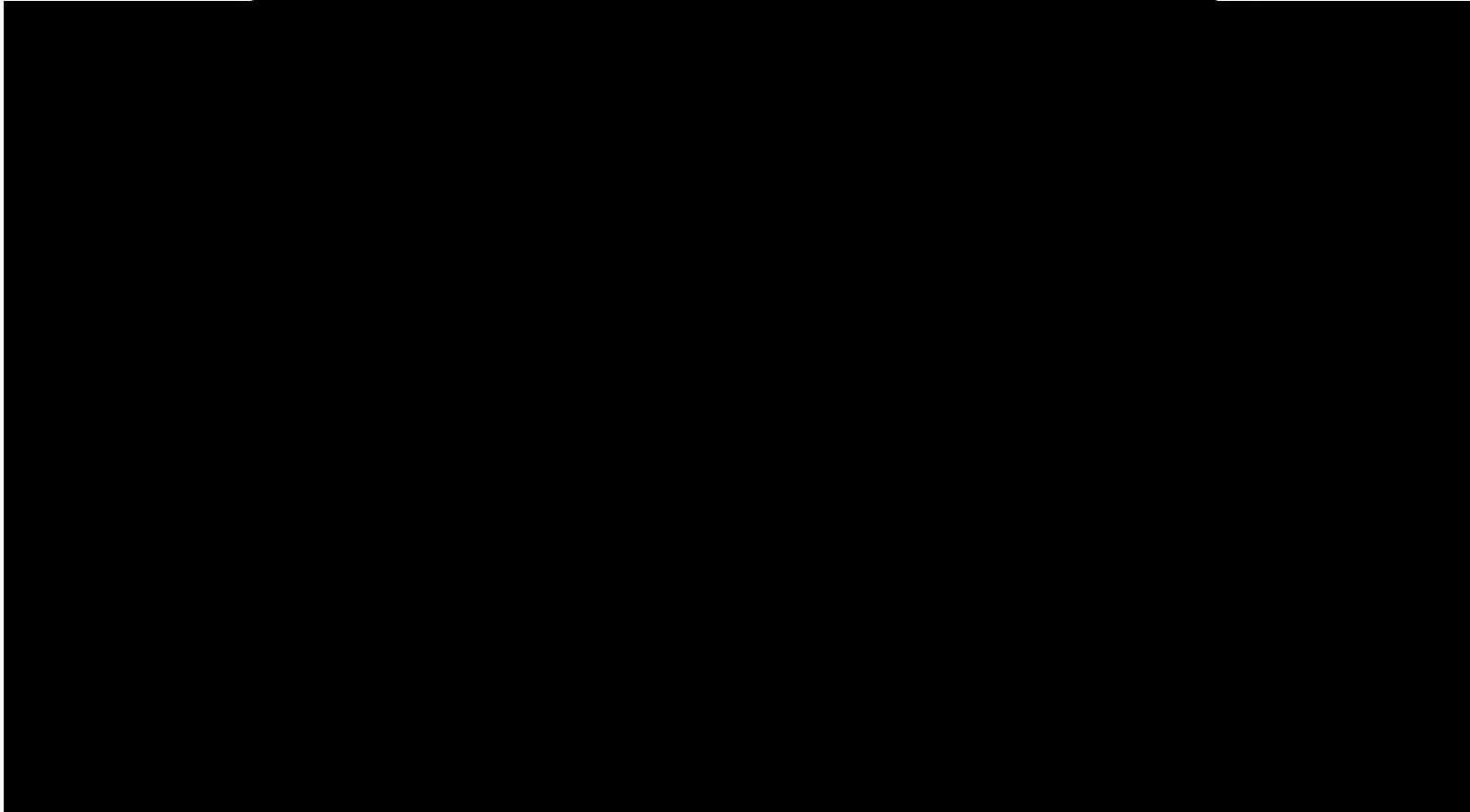
## Language Expansion Program



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APL-APPSTORE\_08883231

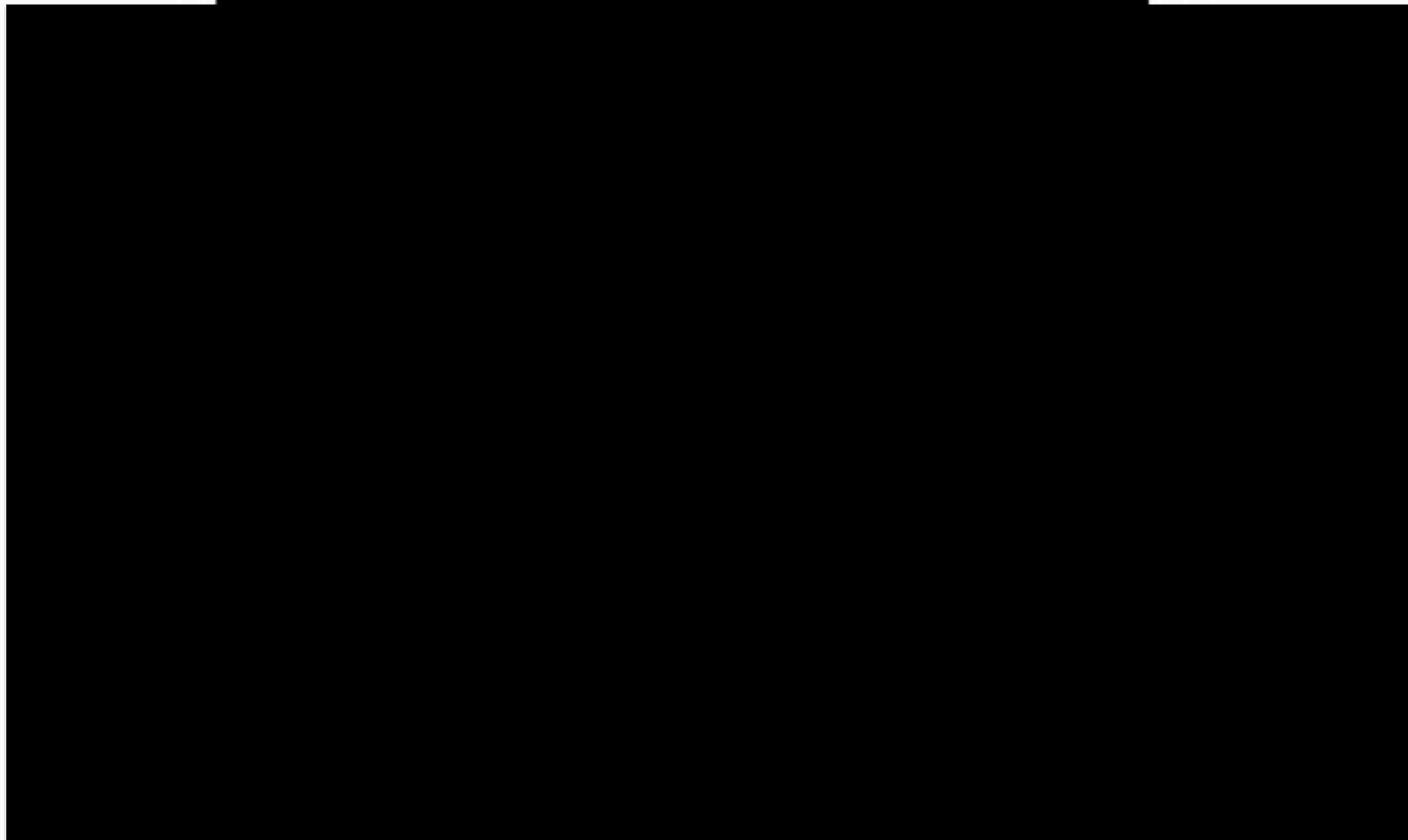
## Language Expansion Program



PX-0602.100

APL-APPSTORE\_08883232

## Language Expansion Program



PX-0602.101

APL-APPSTORE\_08883233

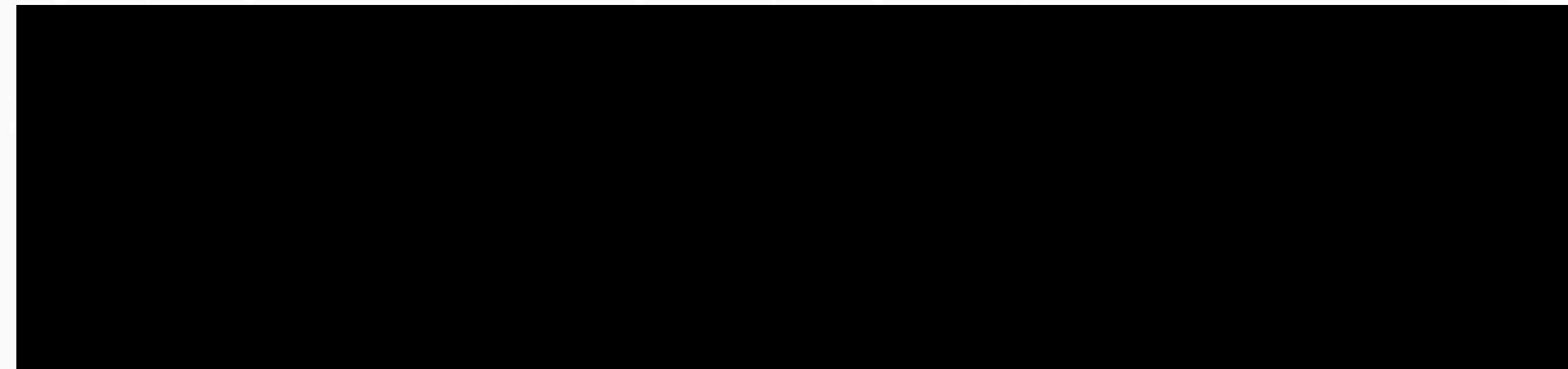
## Right to Left Timeline



Phase 1  
FY19



Right to Left Timeline



PX-0602.102

APL-APPSTORE\_08883234

## Projected AMP Billings Unlocked

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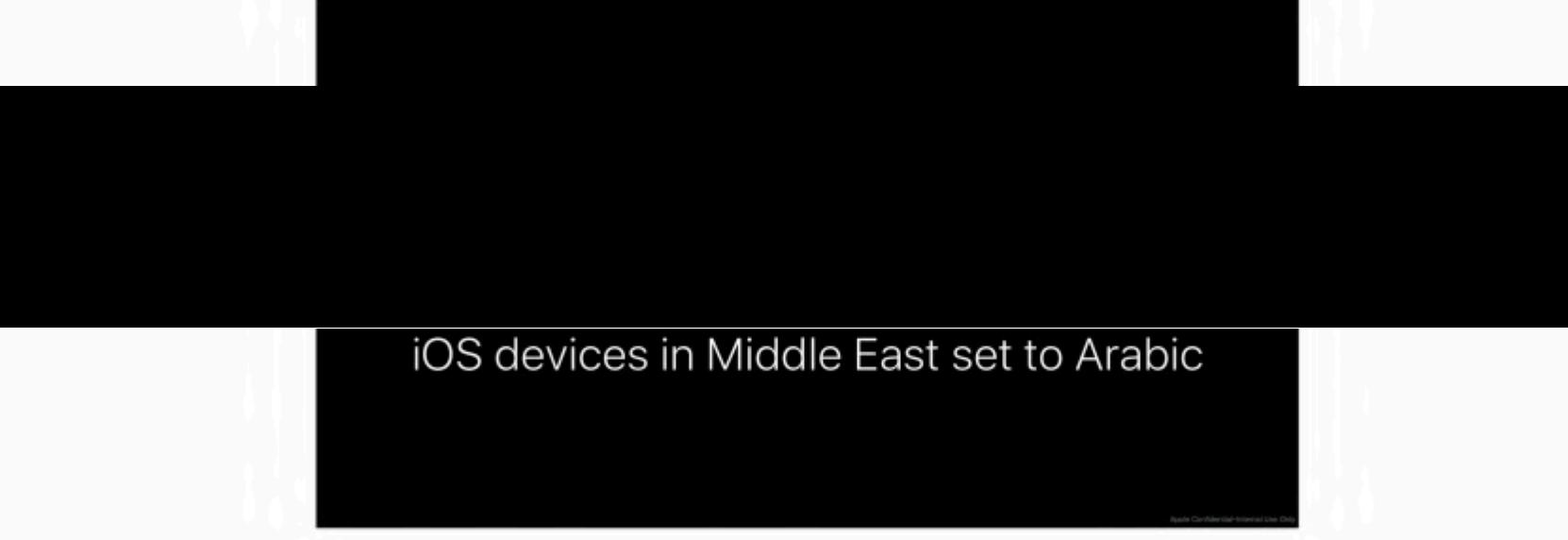
APL-APPSTORE\_08883236

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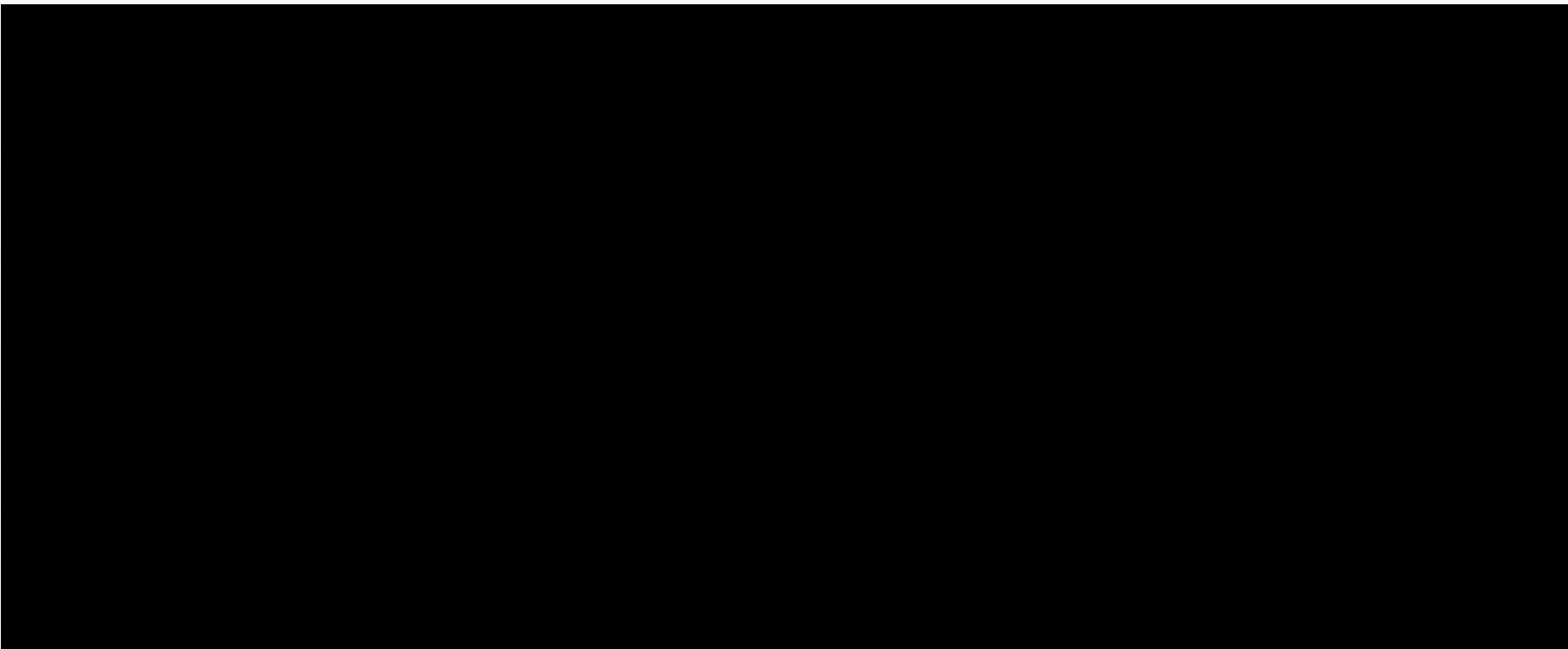
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APL-APPSTORE\_08883237



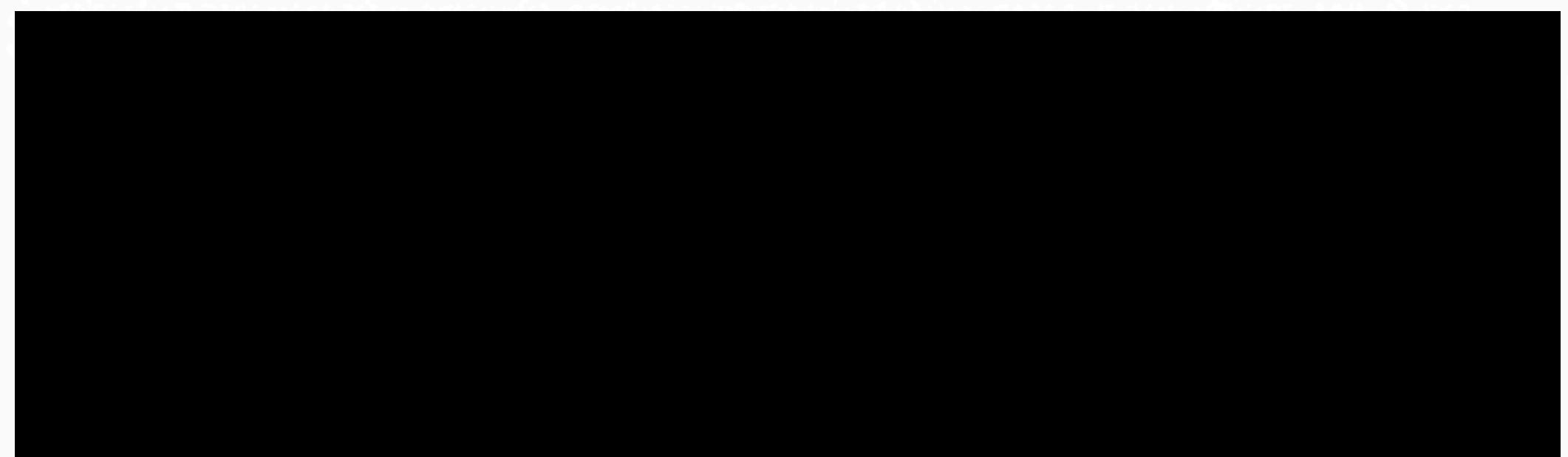
iOS devices in Middle East set to Arabic

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PX-0602.106

APL-APPSTORE\_08883238



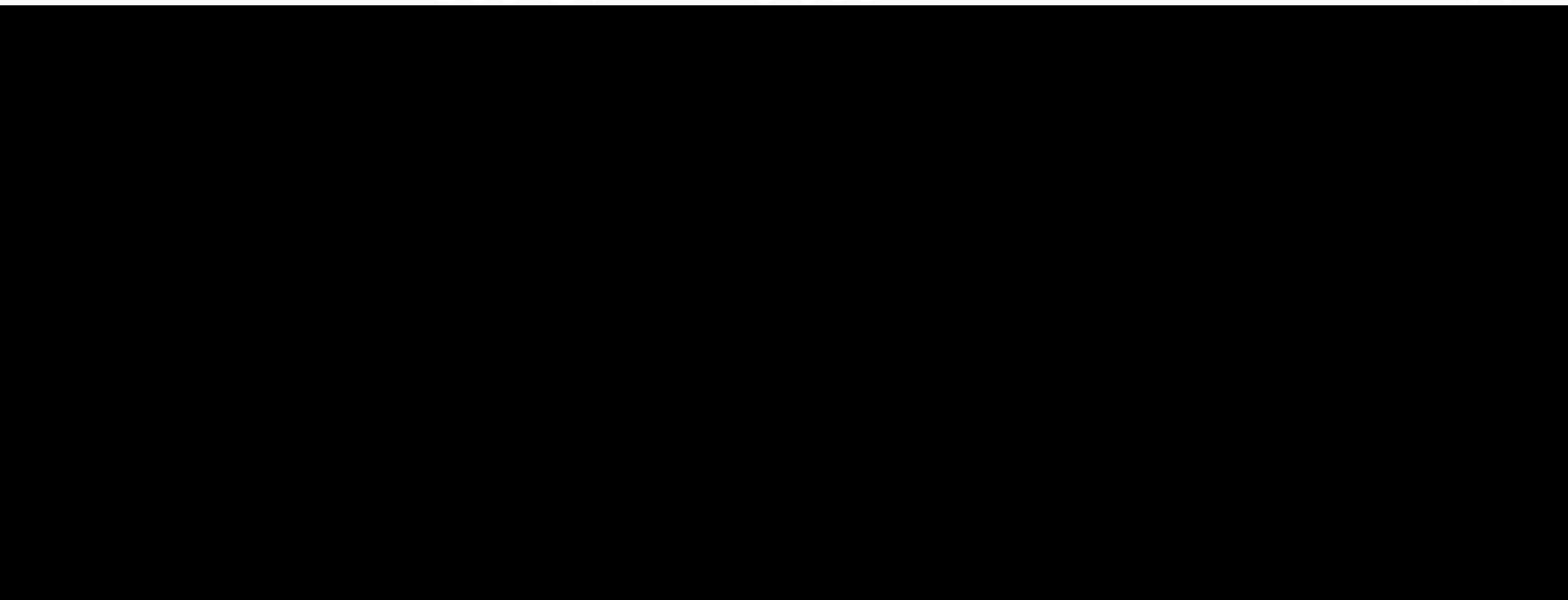
## Right to Left Opportunity

## International - Forecast

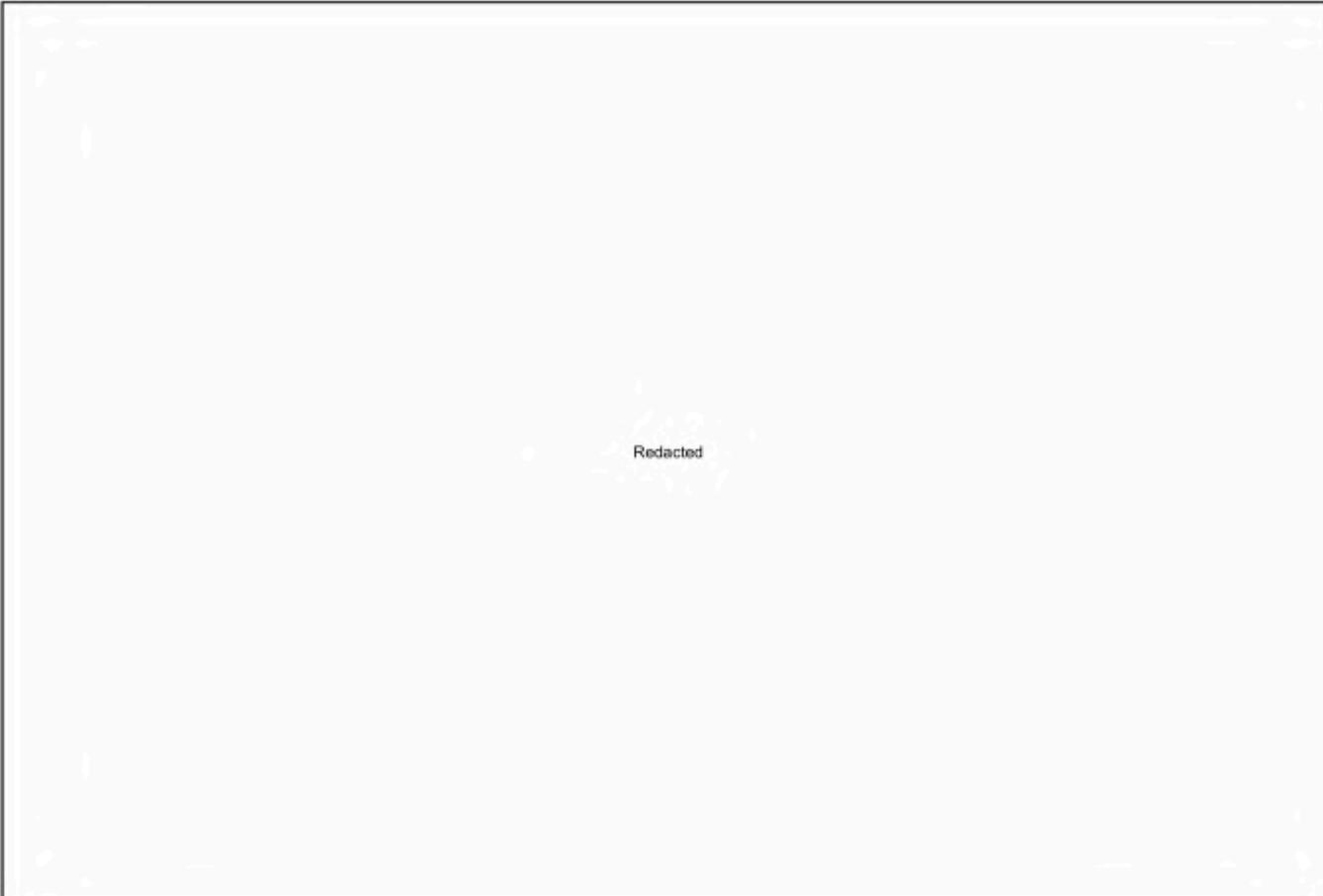
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APL-APPSTORE\_08883241





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APL-APPSTORE\_08883244

## FY19 Focus Areas

Games  
Subscriptions  
International  
Discovery

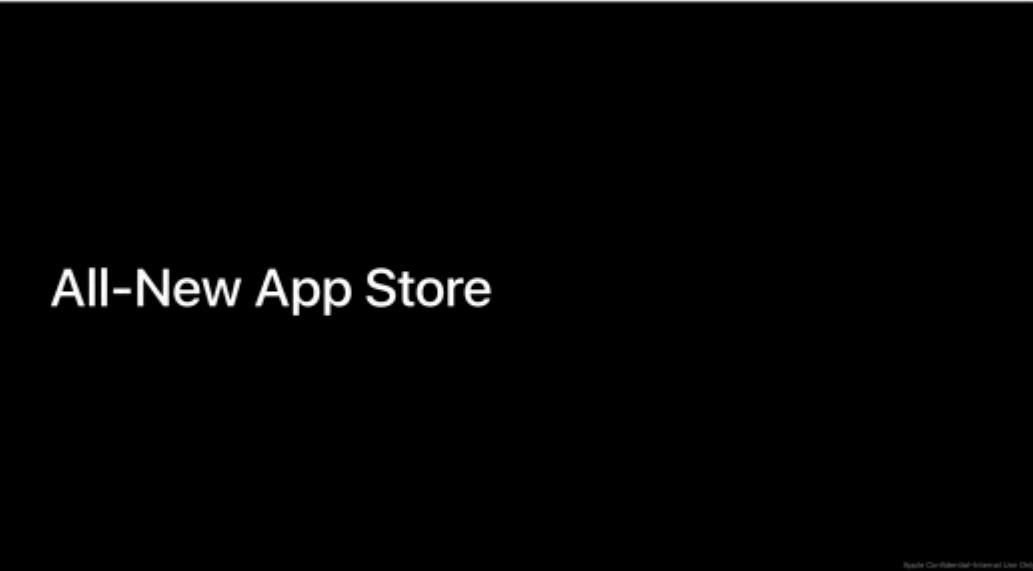
Reads: One billion+ unique user days

For an update on Discovery, I'll pass it back to Ann...

**[HANDOFF TO ANN]**

PX-0602.113

APL-APPSTORE\_08883245



## All-New App Store

Read Our Official Terms of Use Only

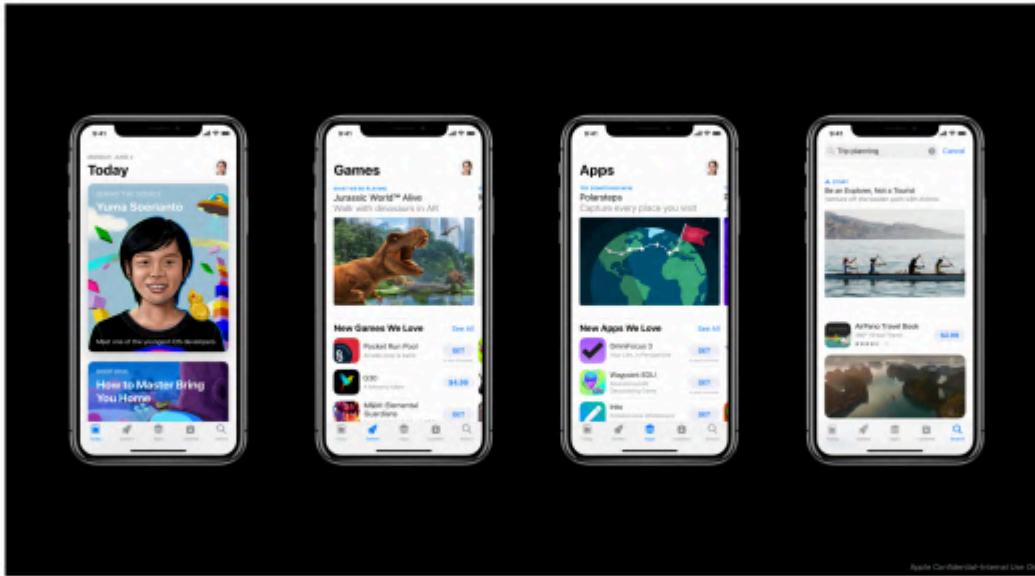
**[ANN]**

Last year we launched the All-New App Store on iOS.

**[CLICK]**

PX-0602.114

APL-APPSTORE\_08883246



We've learned a ton in this first phase about how to leverage this new design to help customers discover great apps and games, and there's lots more we want to do going forward.

[CLICK]



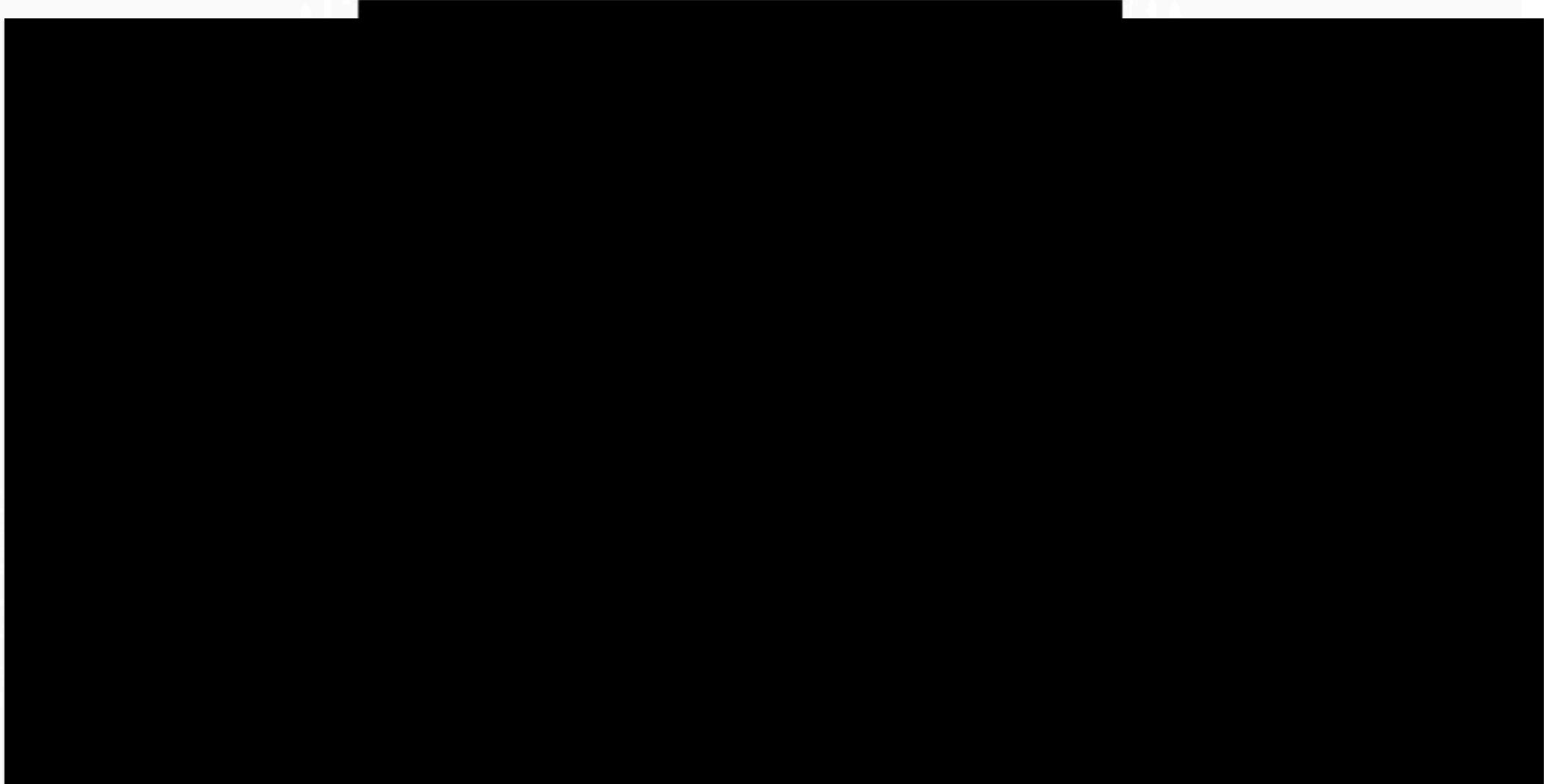
This year we announced that we're taking all that we've learned and redesigned the Mac App Store too, with commitments from Microsoft, Adobe, and others to join.

It's renewed interest and excitement among customers and developers, and helped reaffirm our commitment to the Mac.

[CLICK]

---

## Weekly Frequency, Engagement, Conversion

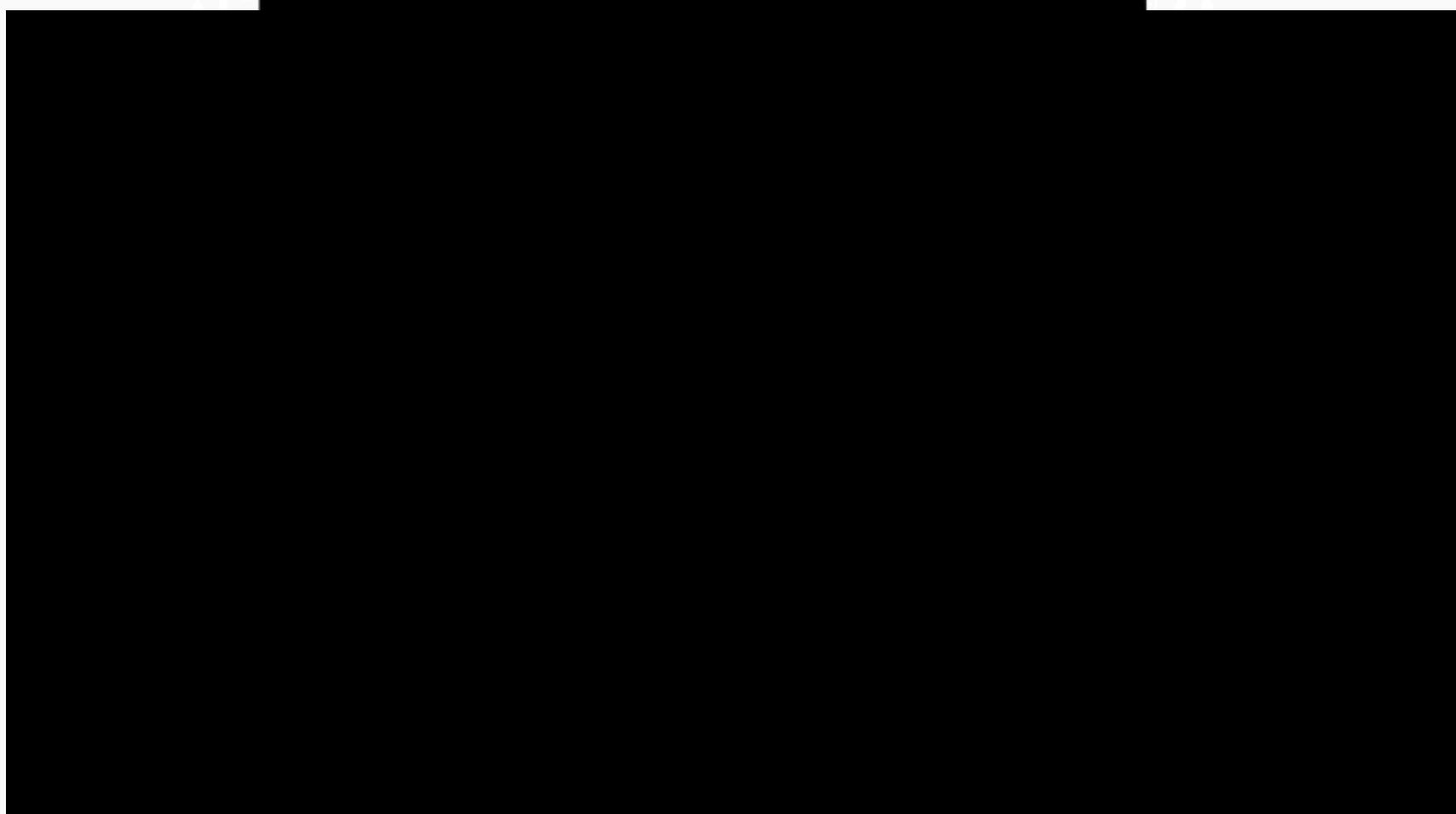


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APL-APPSTORE\_08883250

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APL-APPSTORE\_08883251

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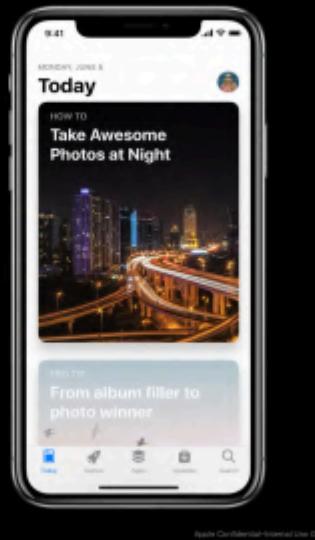


PX-0602.120

APL-APPSTORE\_08883252

## Personalization

- Choose stories based on the customer
- Editorial can still show stories to all users
- Re-order apps within collections
- Recommend collections on Games & Apps tabs
- Privacy-focused



The redesign was phase 1, and our major resource ask last year was for phase 2, Personalization, which is launching this Fall with iOS 12.

As we've shared before, Personalization is about showing people the right app at the right time — in a privacy-friendly way. This screen is an example of what a photography-lover might see after personalization.

We're excited that millions of customers already have it in their hands in the iOS 12 seed, and early performance is positive so far...

## Personalization Early Daily Performance

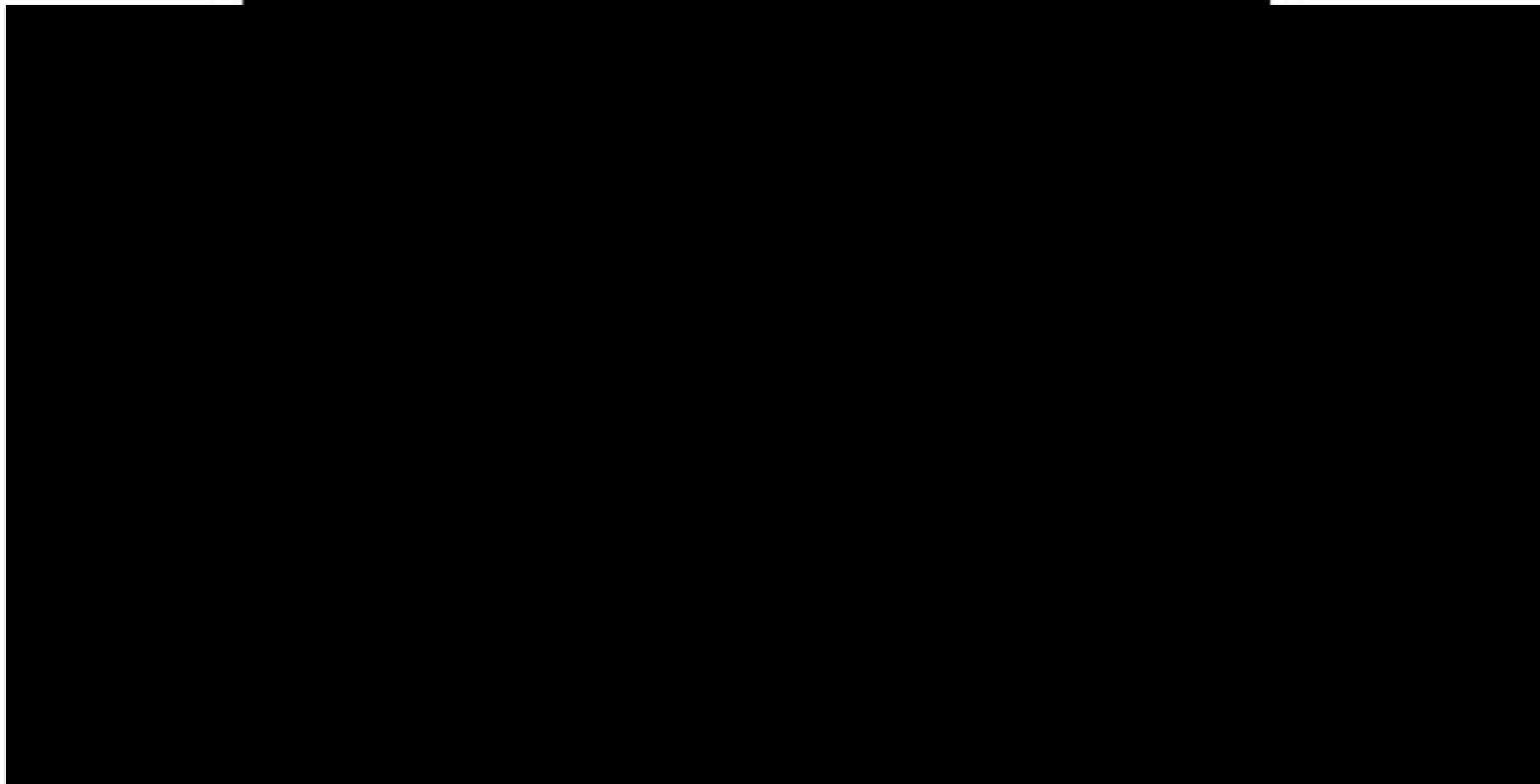
## Personalization Forecast

## Personalization Forecast: Details

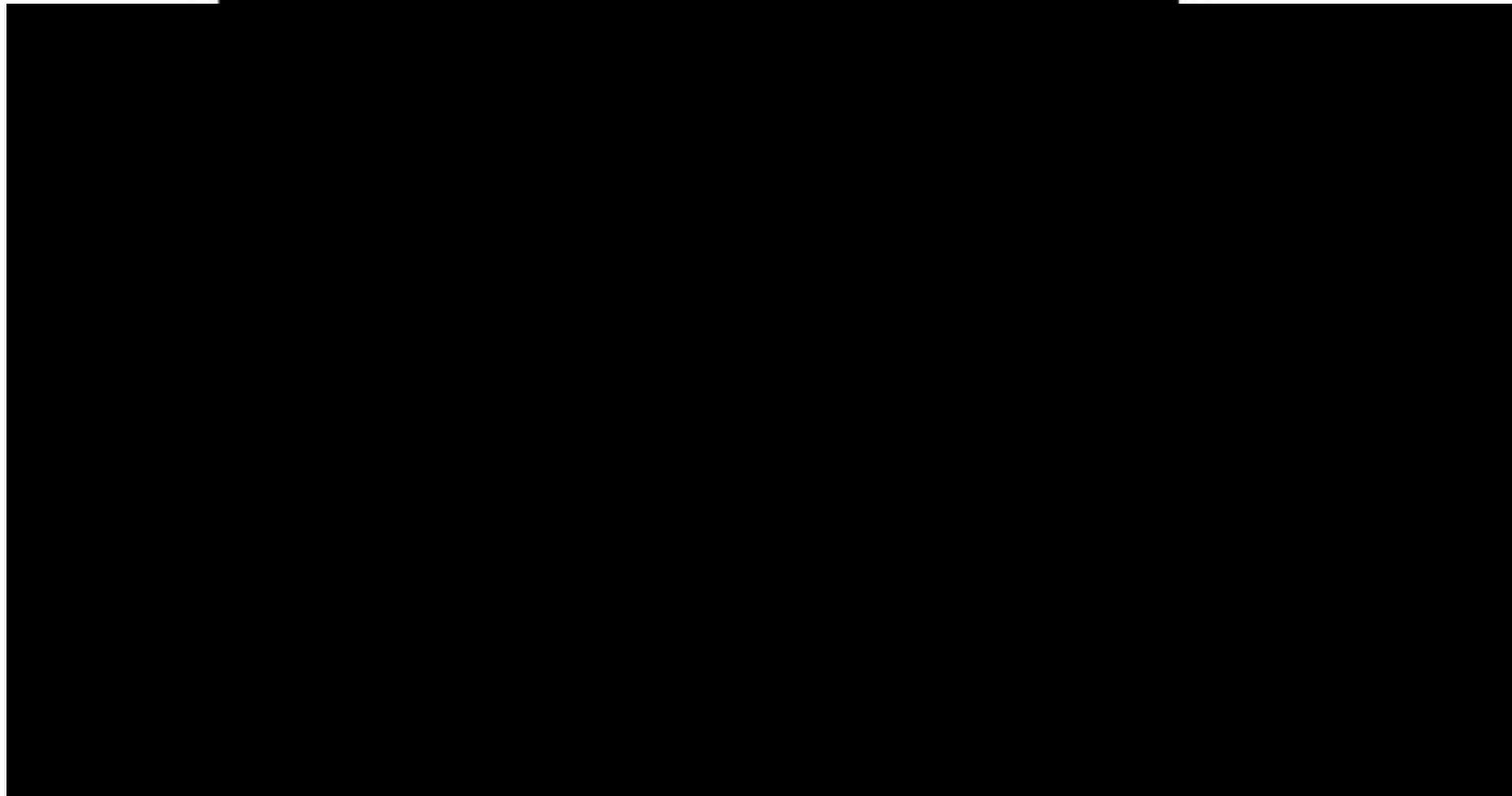
## Mac App Store Forecast

## Mac Redesign Billings Opportunity

## Adobe Billings Opportunity

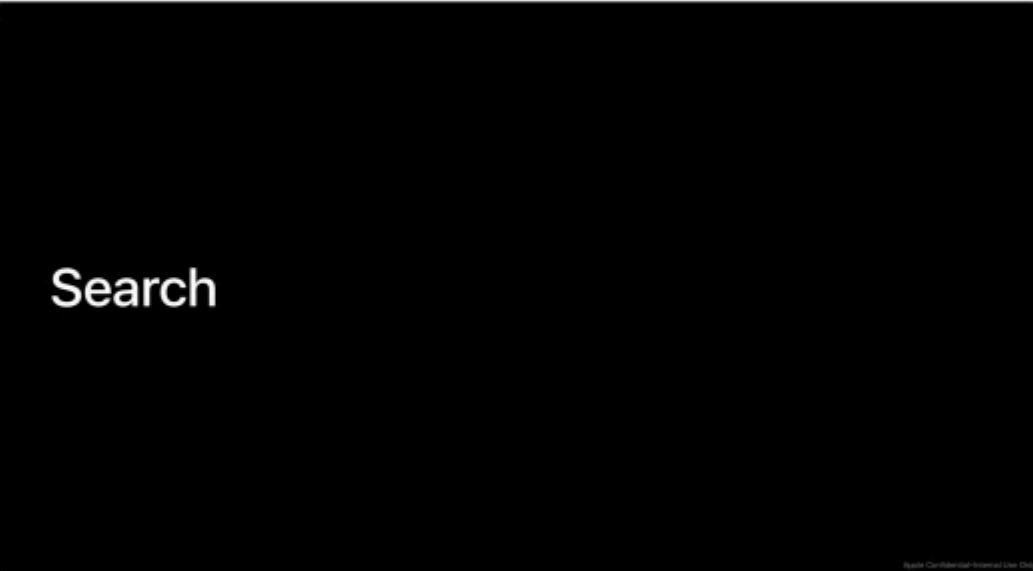


## Microsoft Billings Opportunity



PX-0602.128

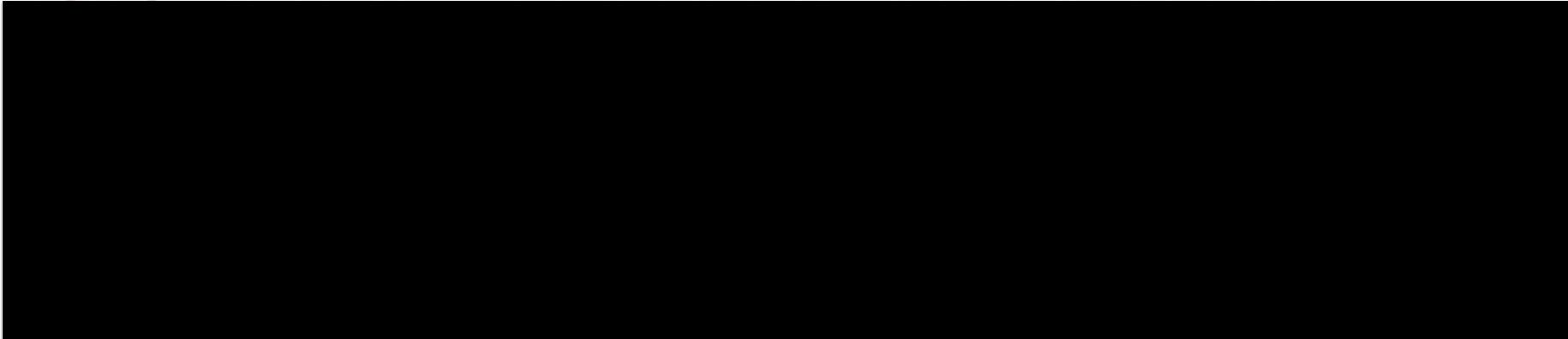
APL-APPSTORE\_08883260



Search

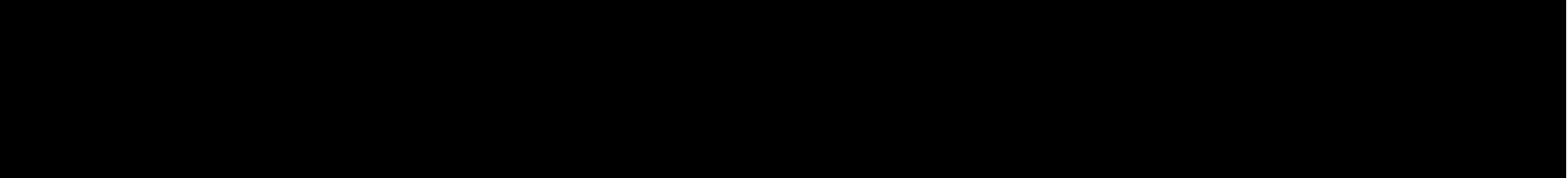
Print. Der offizielle Internet-Shop

- [JEFF]

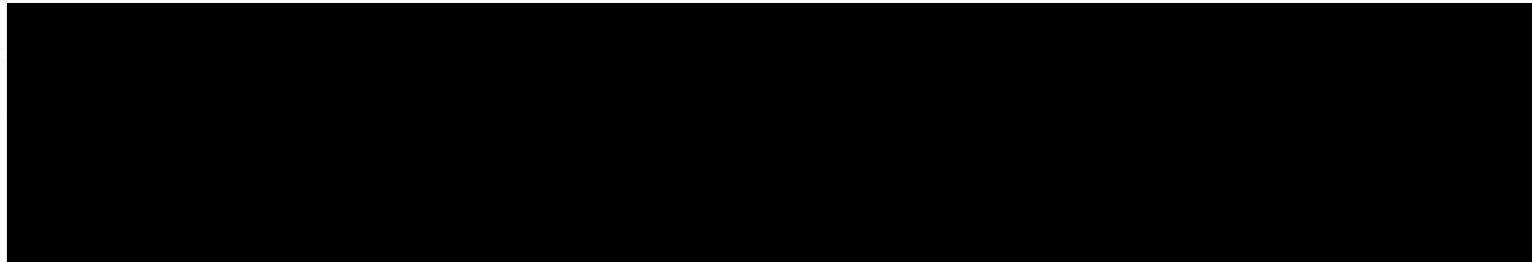
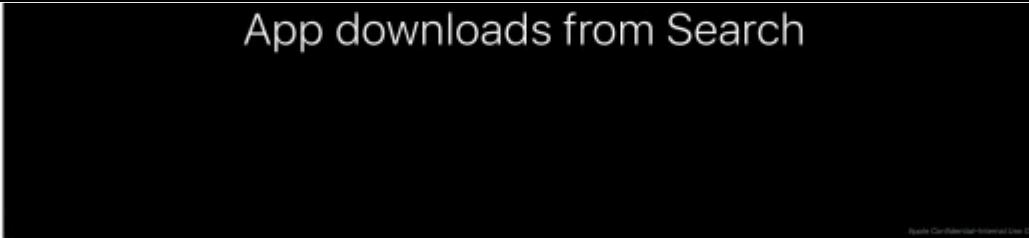


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APL-APPSTORE\_08883261



App downloads from Search



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PX-0602.130

APL-APPSTORE\_08883262



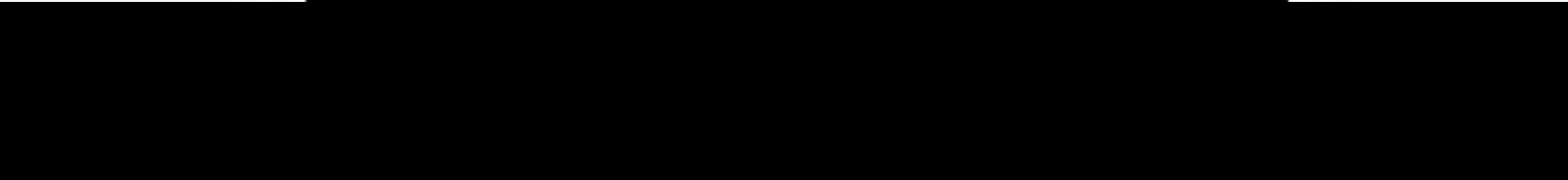
Search downloads  
from International Markets

Print. One Click. Instant. One Click.

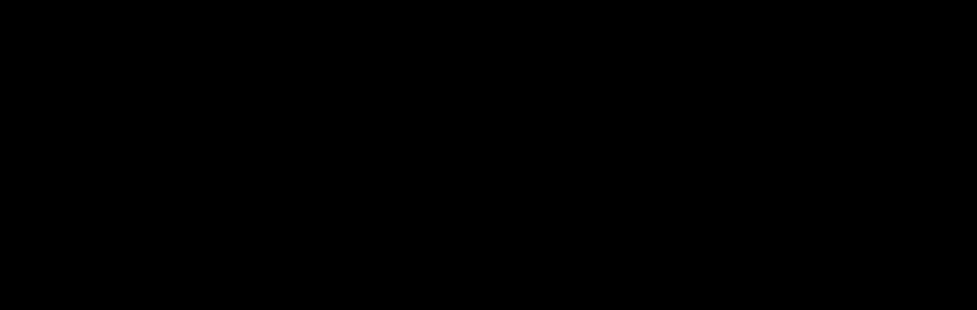


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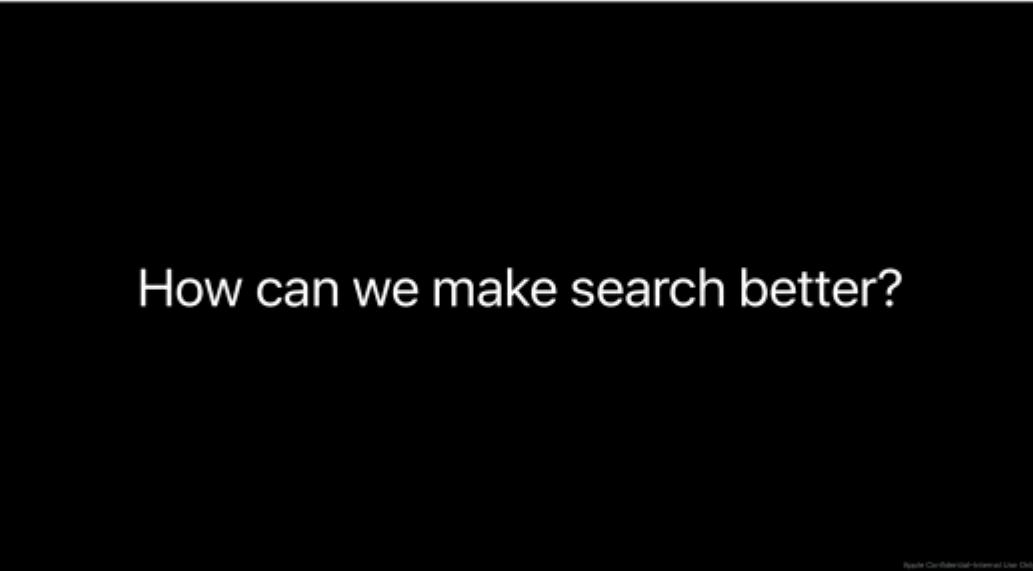


## Sales from International



Printed On: 08/06/2013 At: 09:45 AM

## Search Roadmap



How can we make search better?

Reid, Correll and Inman Law Office



## Language Model

Semantic Hints



PX-0602.136

APL-APPSTORE\_08883268

## Language Model

Tokenization / Transliteration



PX-0602.137

APL-APPSTORE\_08883269

## Phases

## Search - Phases

Redacted

PX-0602.140

APL-APPSTORE\_08883272

## Search Forecast

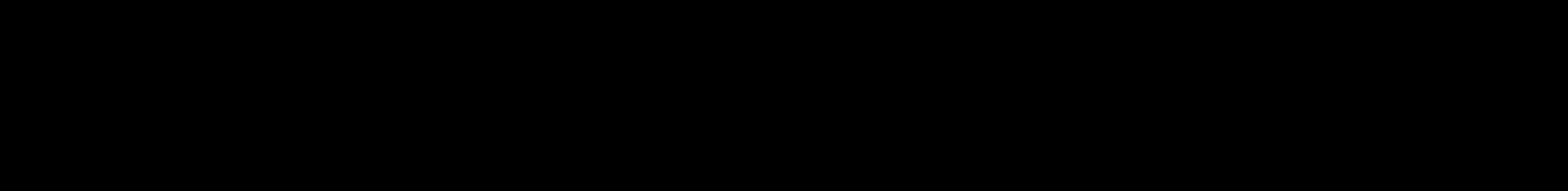
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PX-0602141

APL-APPSTORE\_08883273

Redacted



PX-0602.142

APL-APPSTORE\_08883274

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## Search - Scenarios

## Key Assumptions for Opportunity Model

Redacted

## Search - Resource Plan

## Agenda

Business Update  
FY19 Focus Areas  
Financials  
Resources

Print | Go Fullscreen | Refresh | User Guide

[HANDOFF TO SANTIAGO]

PX-0602.146

APL-APPSTORE\_08883278

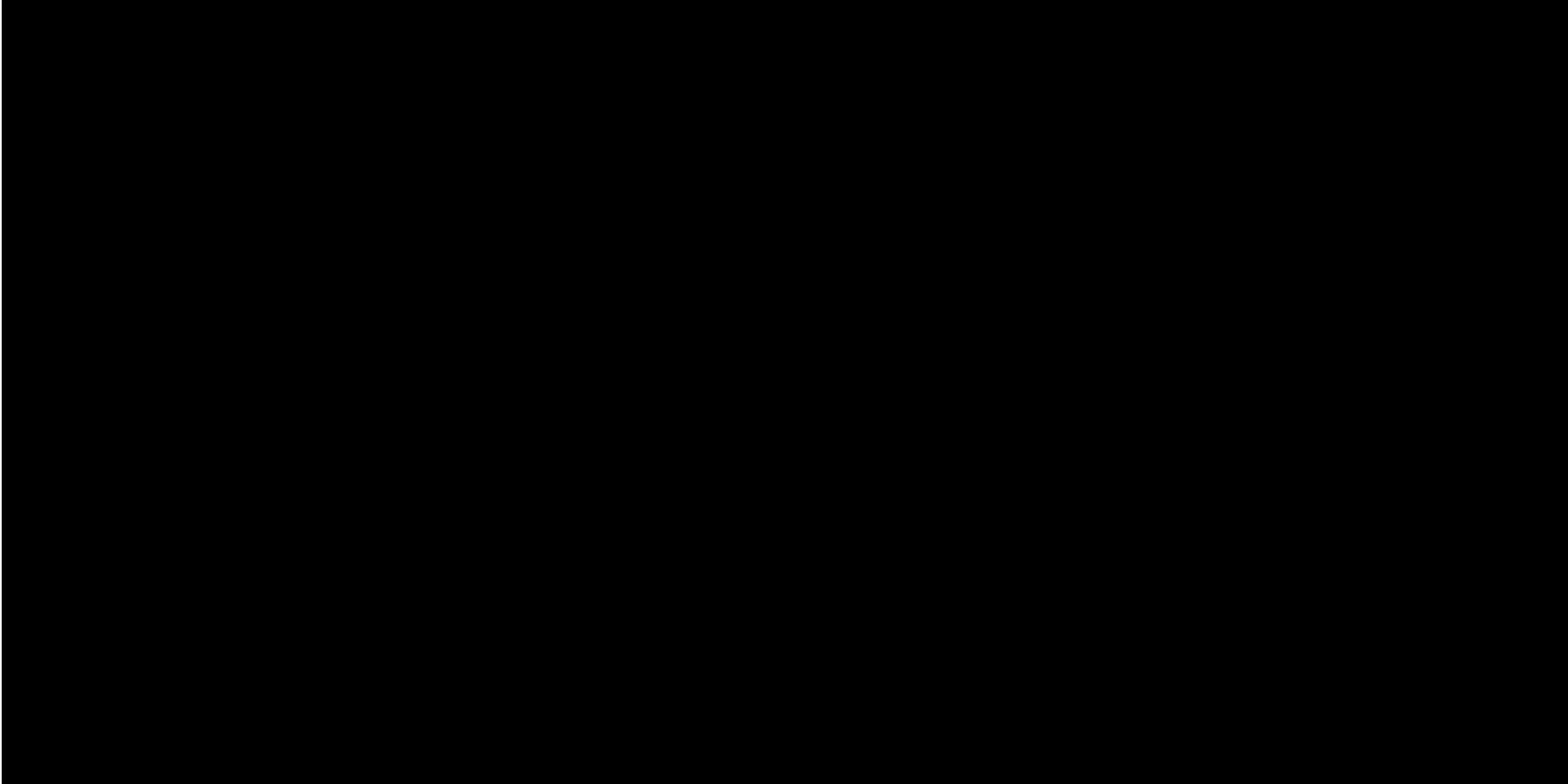
## Financials

Page: One of the last three pages of the document.

## App Store Billings Forecast

## App Store Billings Forecast

## App Store Billings by Region



PX-0602.150

APL-APPSTORE\_08883282

## App Store Billings Forecast

## App Store Revenue Forecast

## App Store Revenue Forecast

## App Store P&L

App Store OCOGS

## Localization

## App Store Design

## App Store OPEX

## Agenda

Business Update  
FY19 Focus Areas  
Financials  
Resources

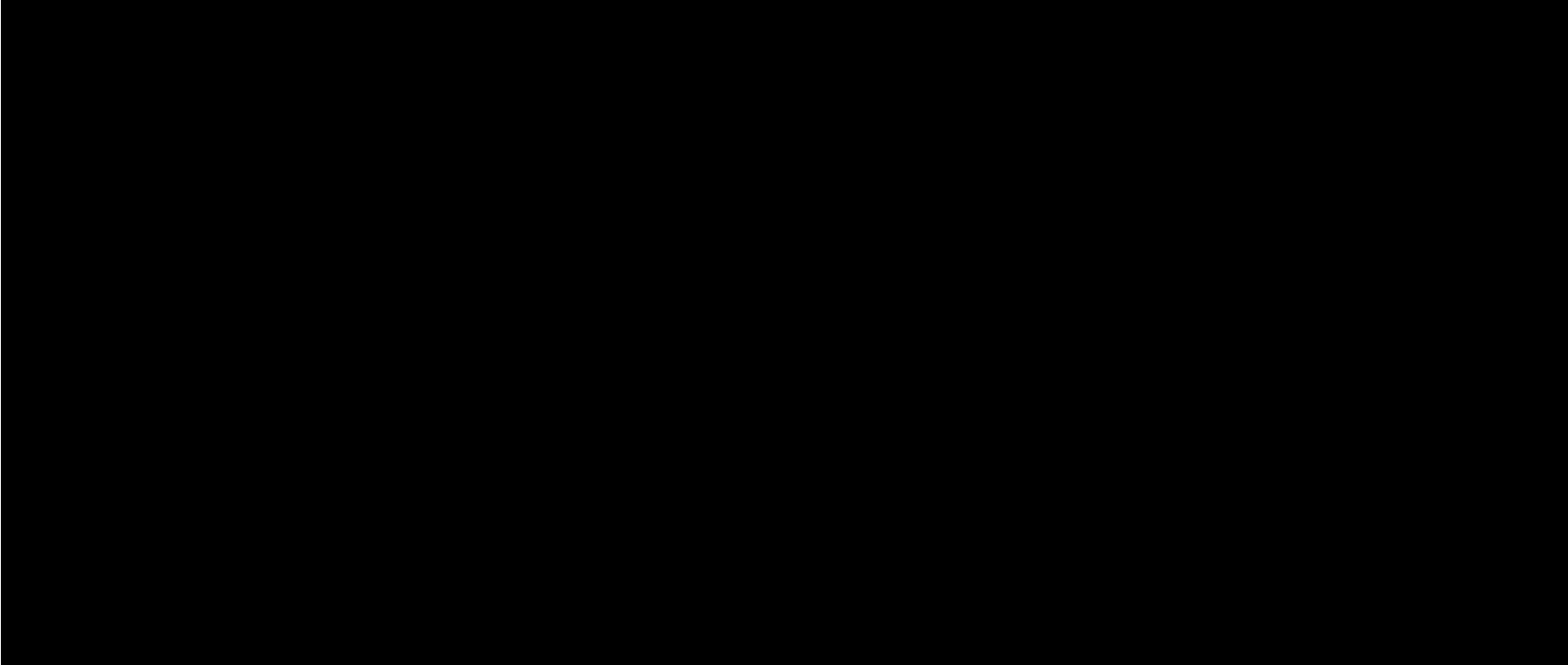
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## Headcount Ask

## Headcount Ask - Subscriptions

## Headcount Ask - International

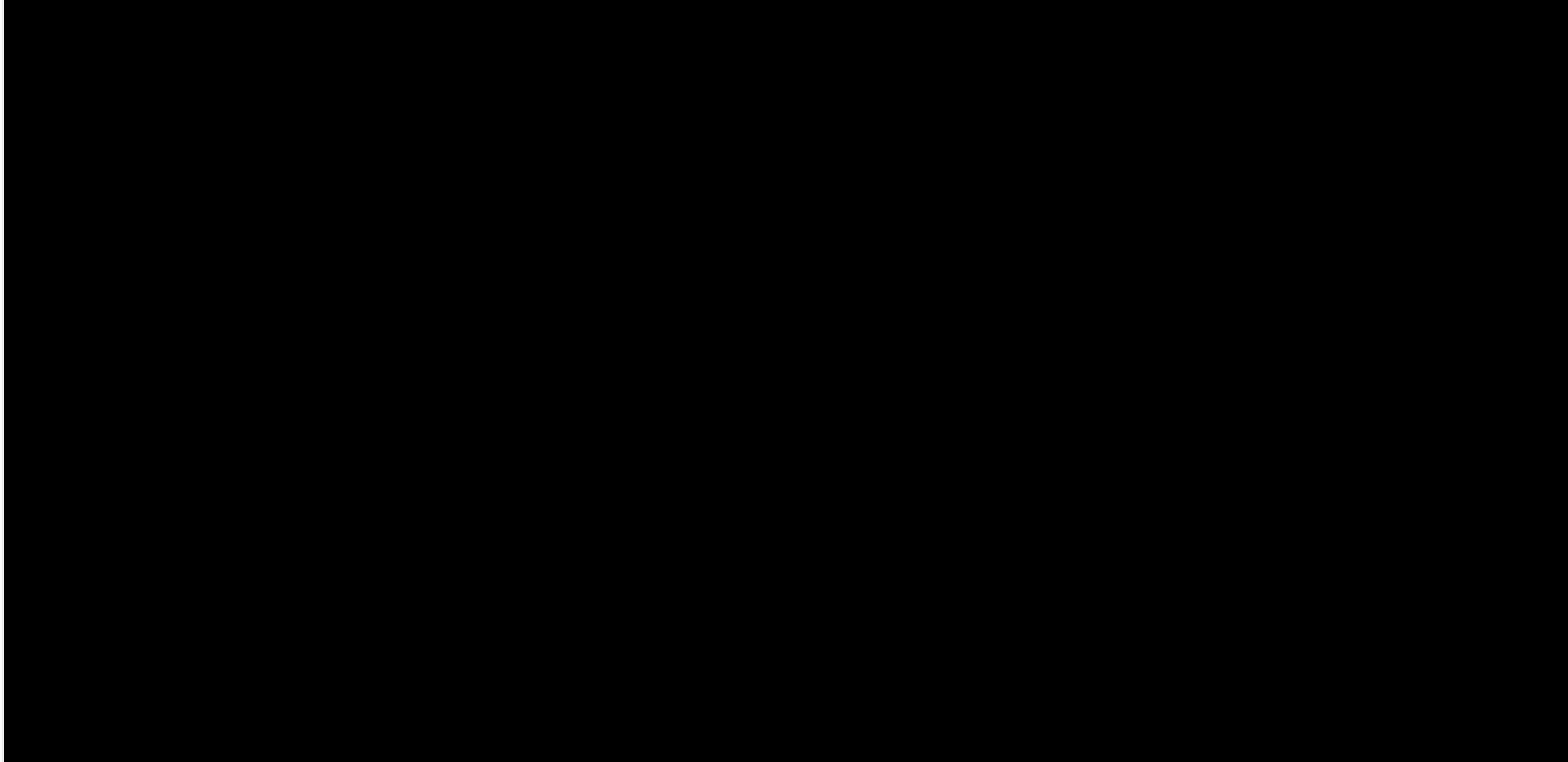
## Headcount Ask - Discovery



PX-0602.163

APL-APPSTORE\_08883295

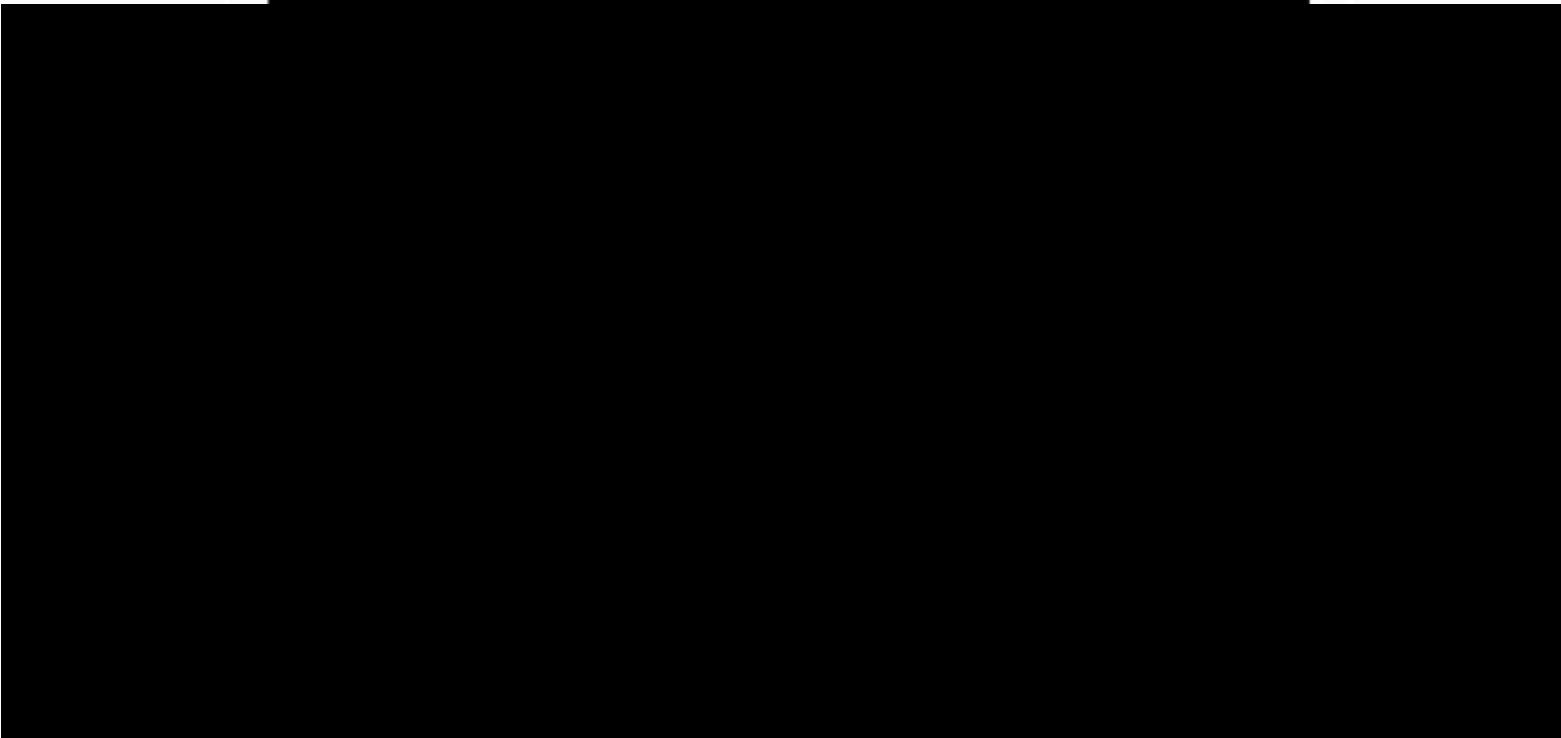
## Headcount Ask - Search



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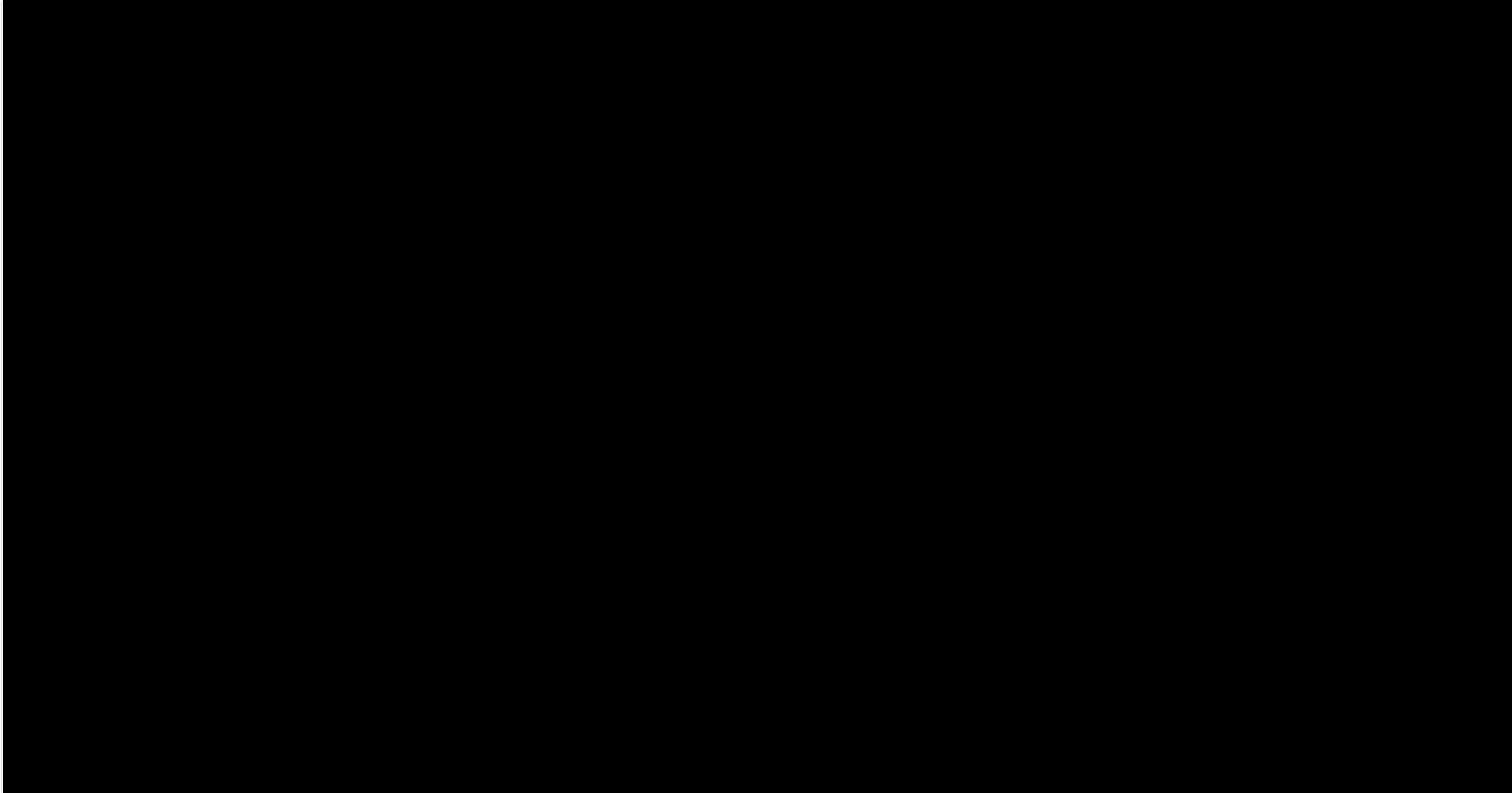
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Headcount Ask - Other

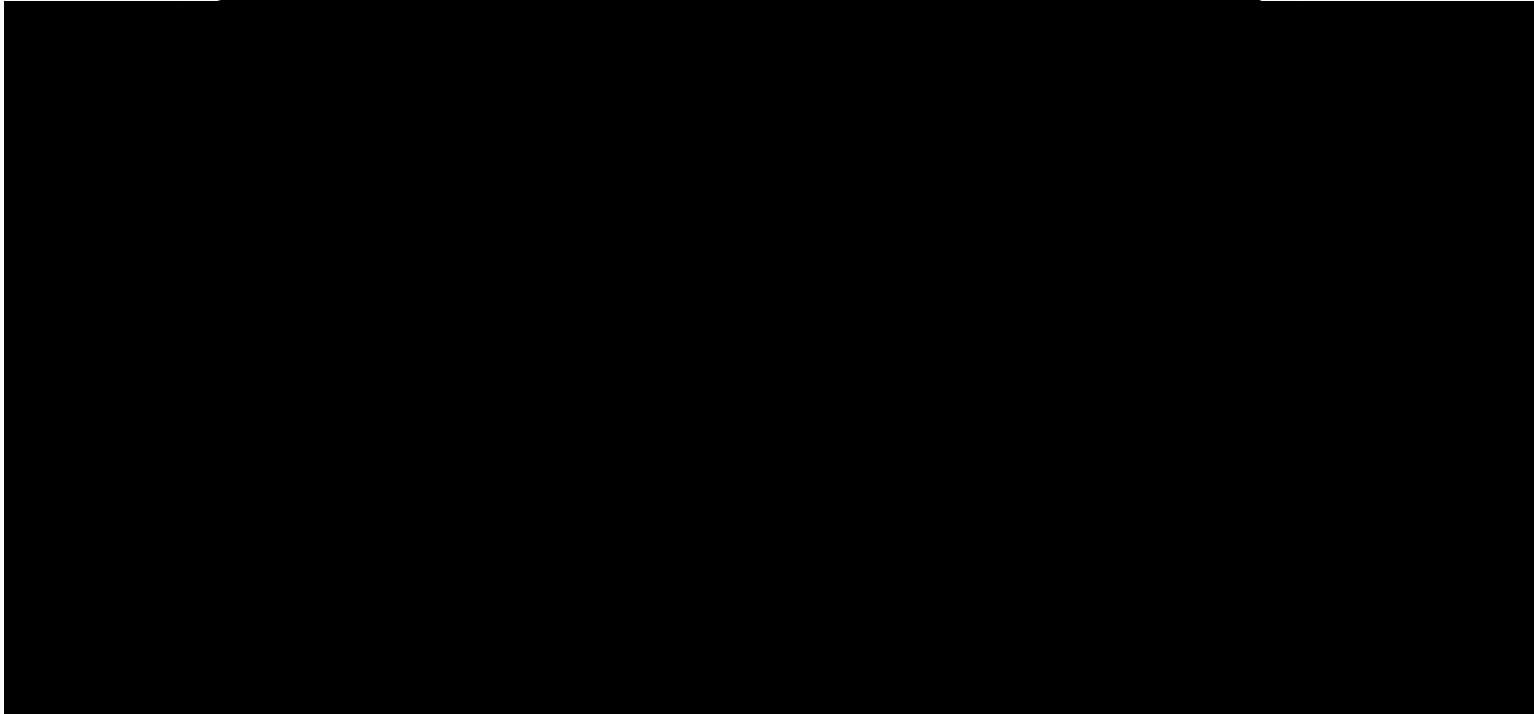


## Headcount Ask - Cost Savings

## Headcount Ask - Contractor Conversion



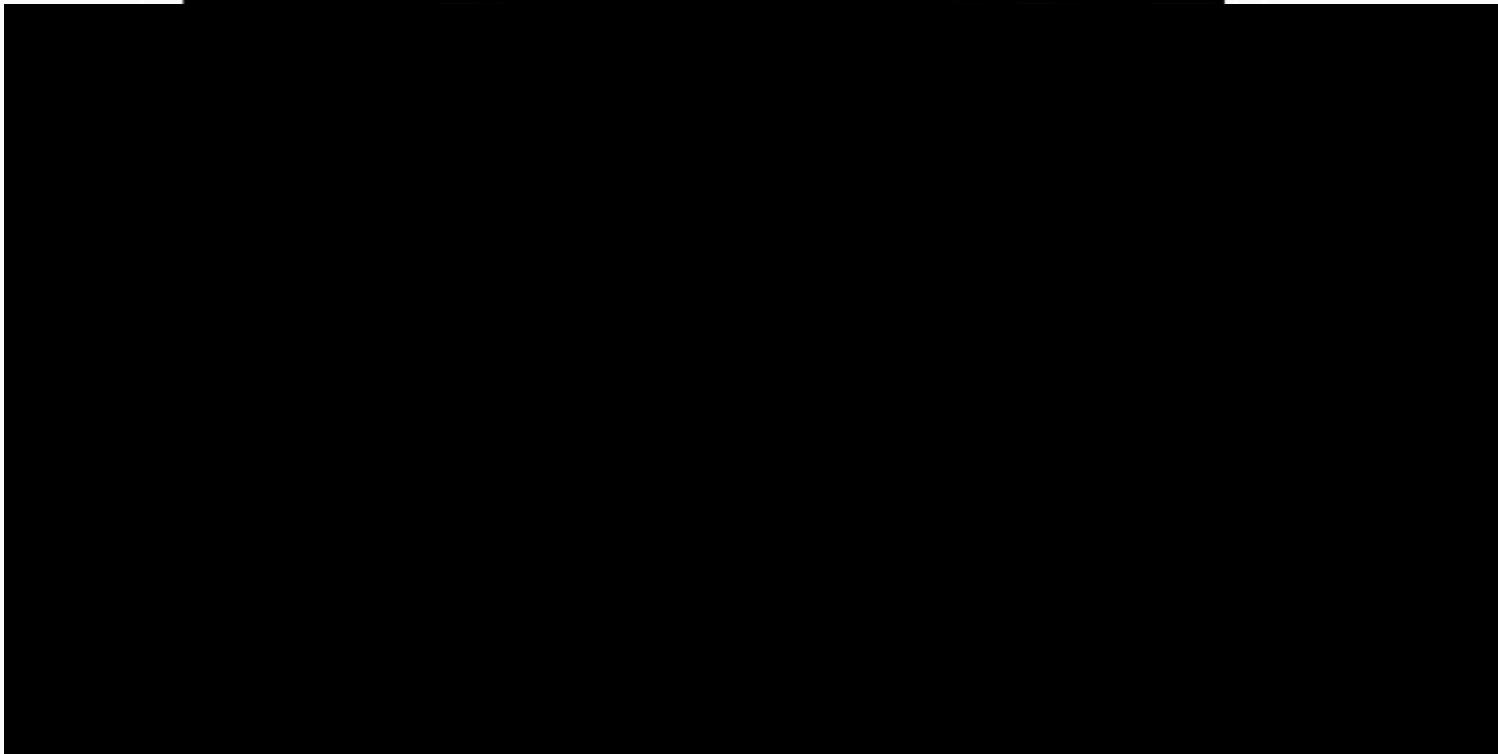
## Headcount Ask - Ocelot



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APL-APPSTORE\_08883300

## Headcount Ask

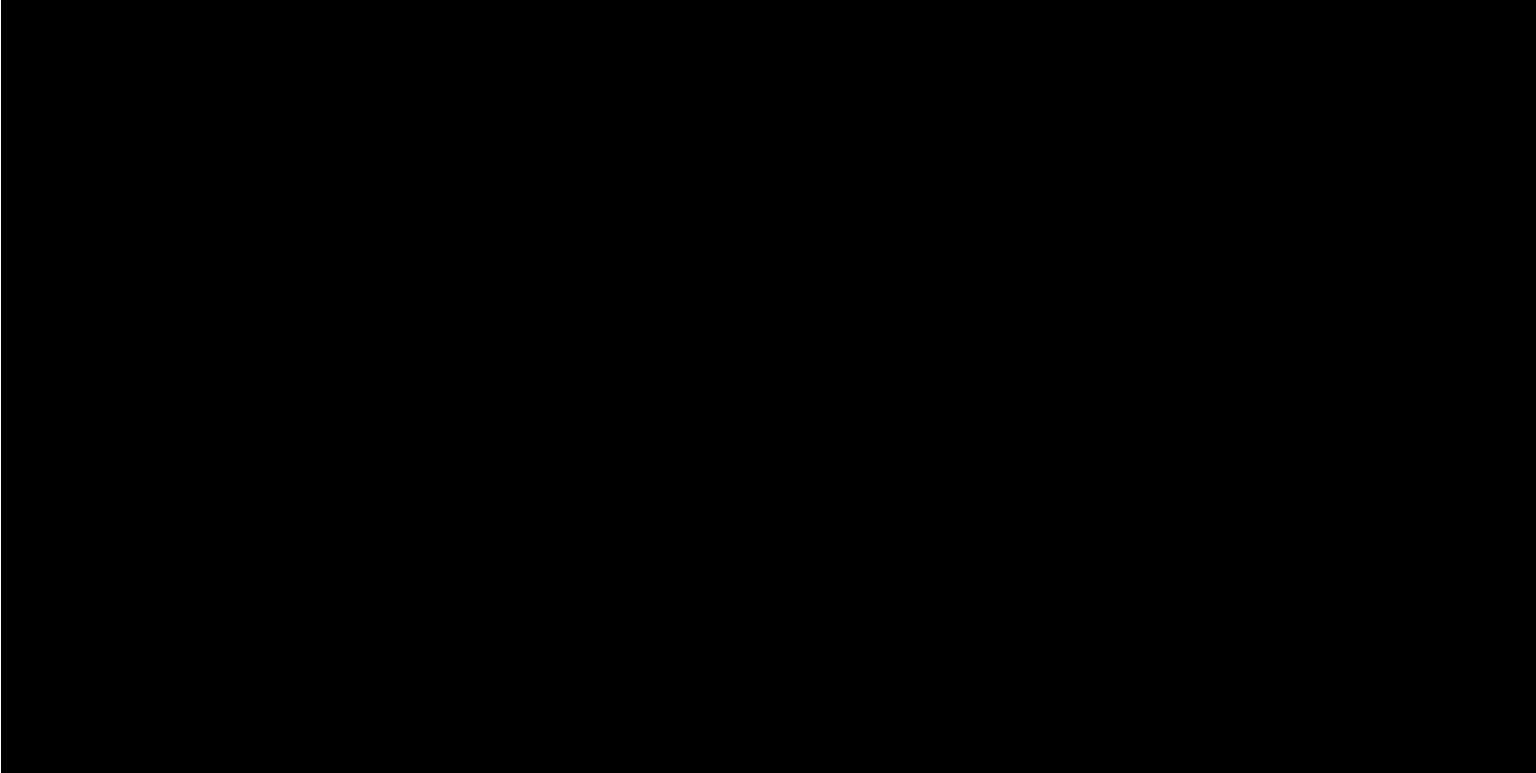




## Appendix: Finance

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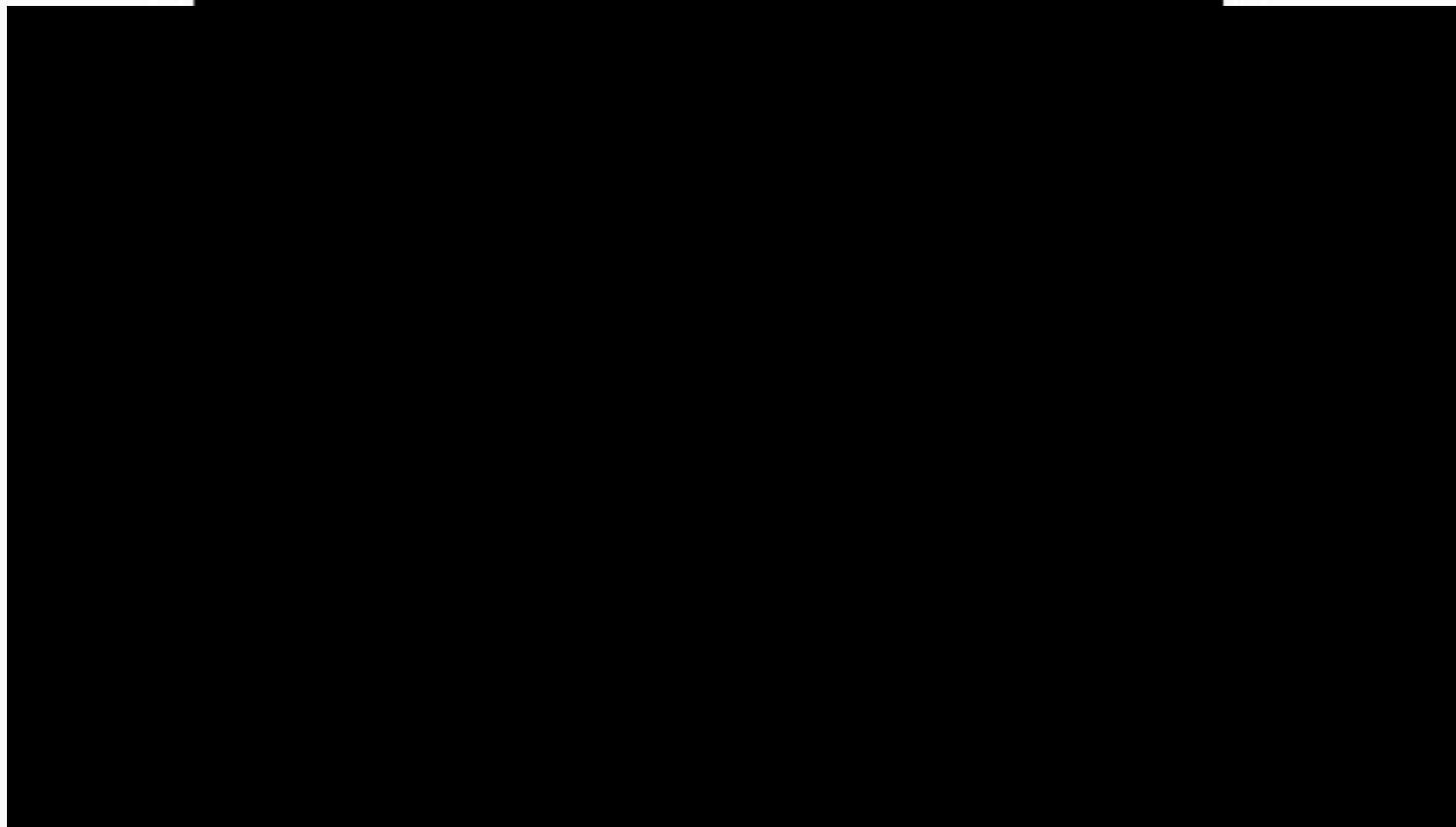
## US Market Gross Billings Trend



PX-0602.172

APL-APPSTORE\_08883304

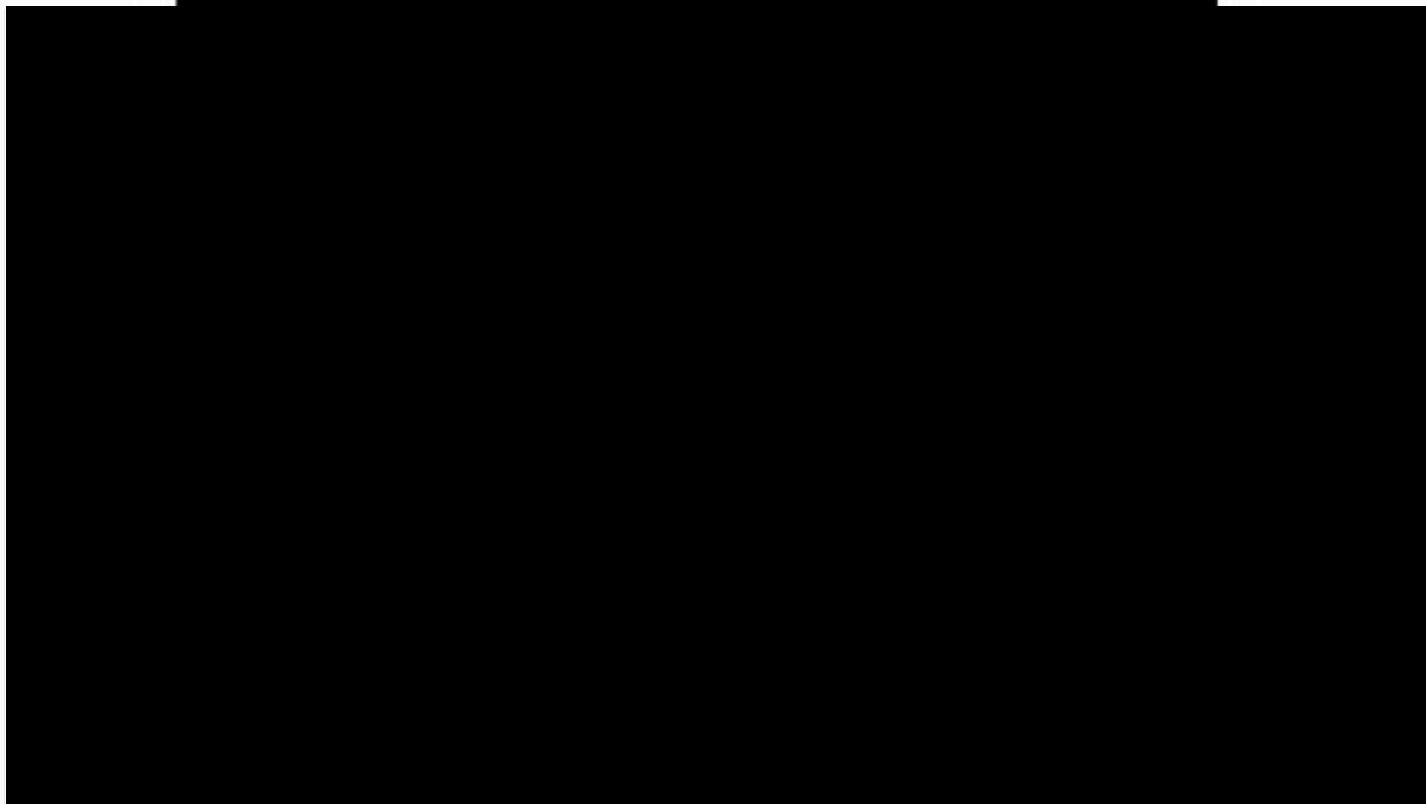
## China Market Gross Billings Trend



PX-0602.173

APL-APPSTORE\_08883305

## Japan Market Gross Billings Trend

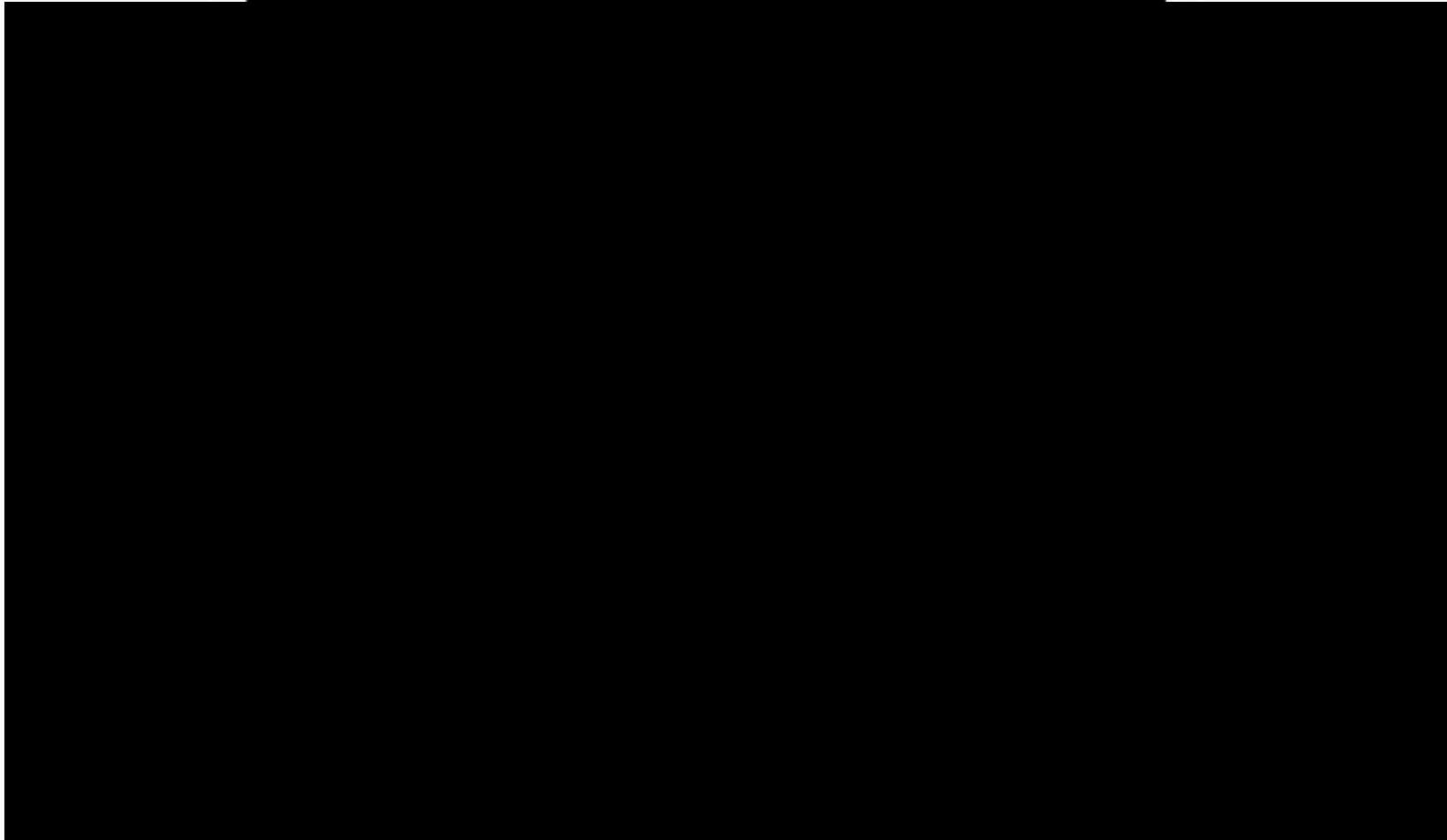


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APL-APPSTORE\_08883306

## Japan Market Gross Billings

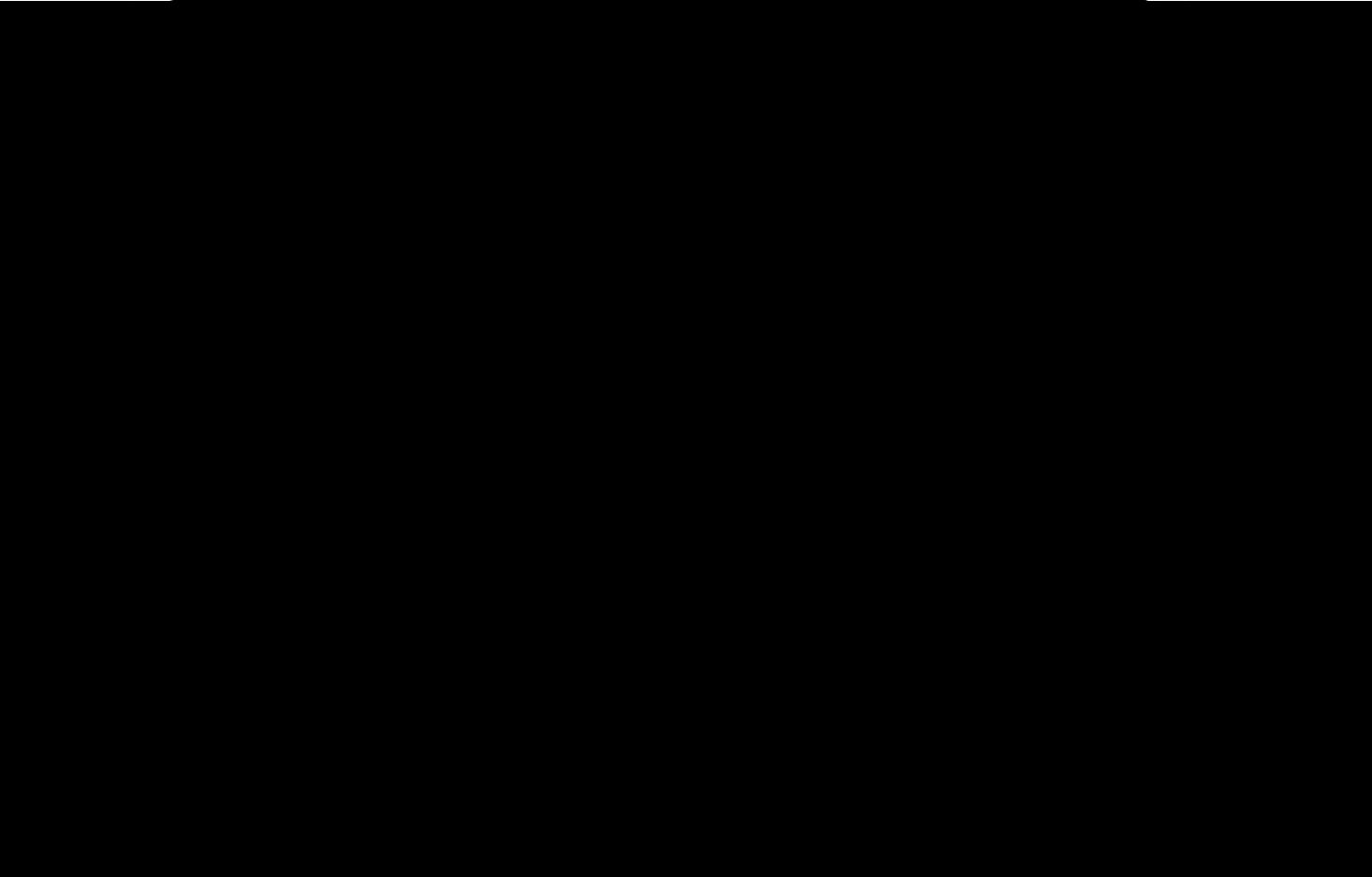
## App Store Gross Billings



PX-0602.176

APL-APPSTORE\_08883308

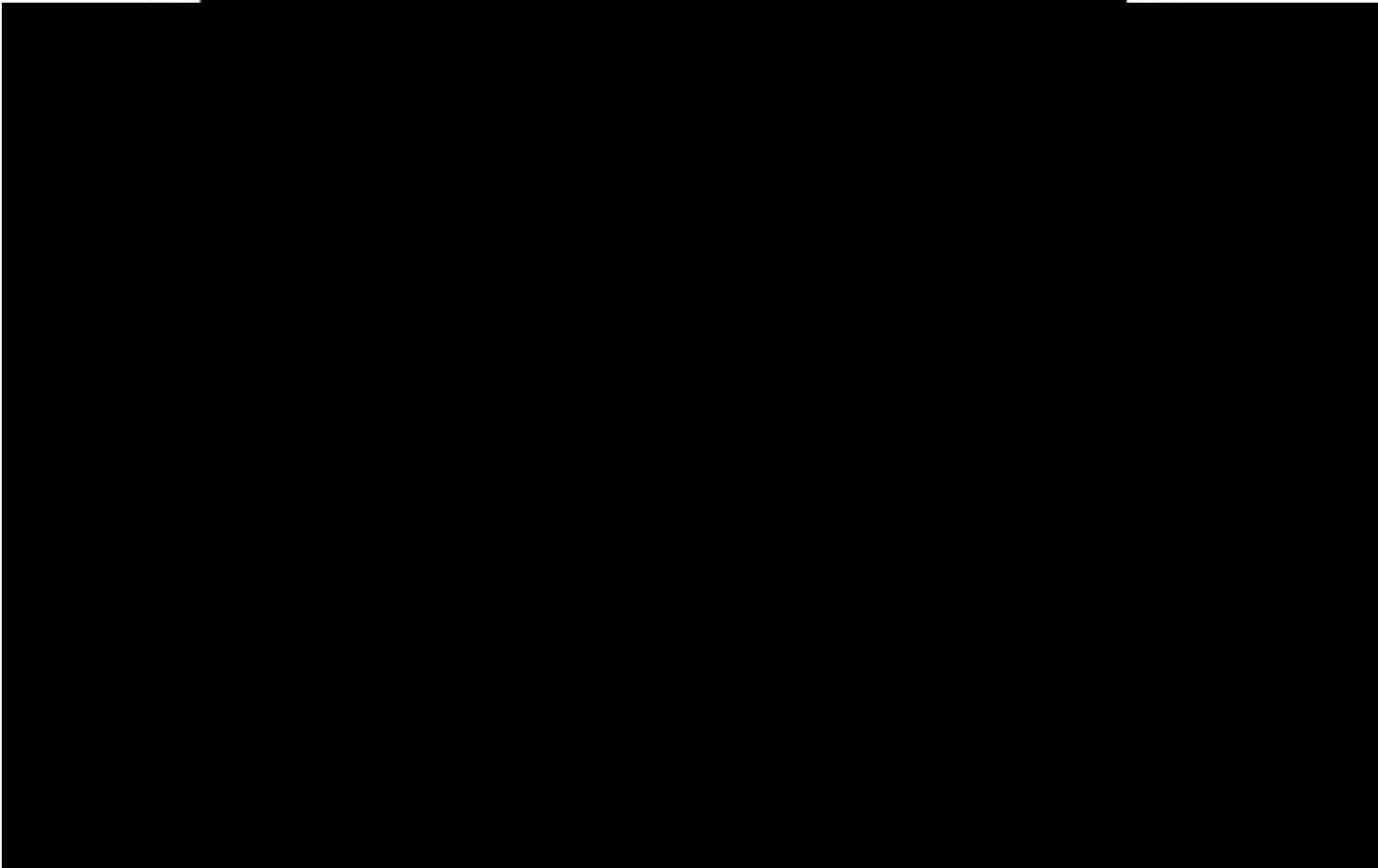
**App Store Net Revenue**



PX-0602.177

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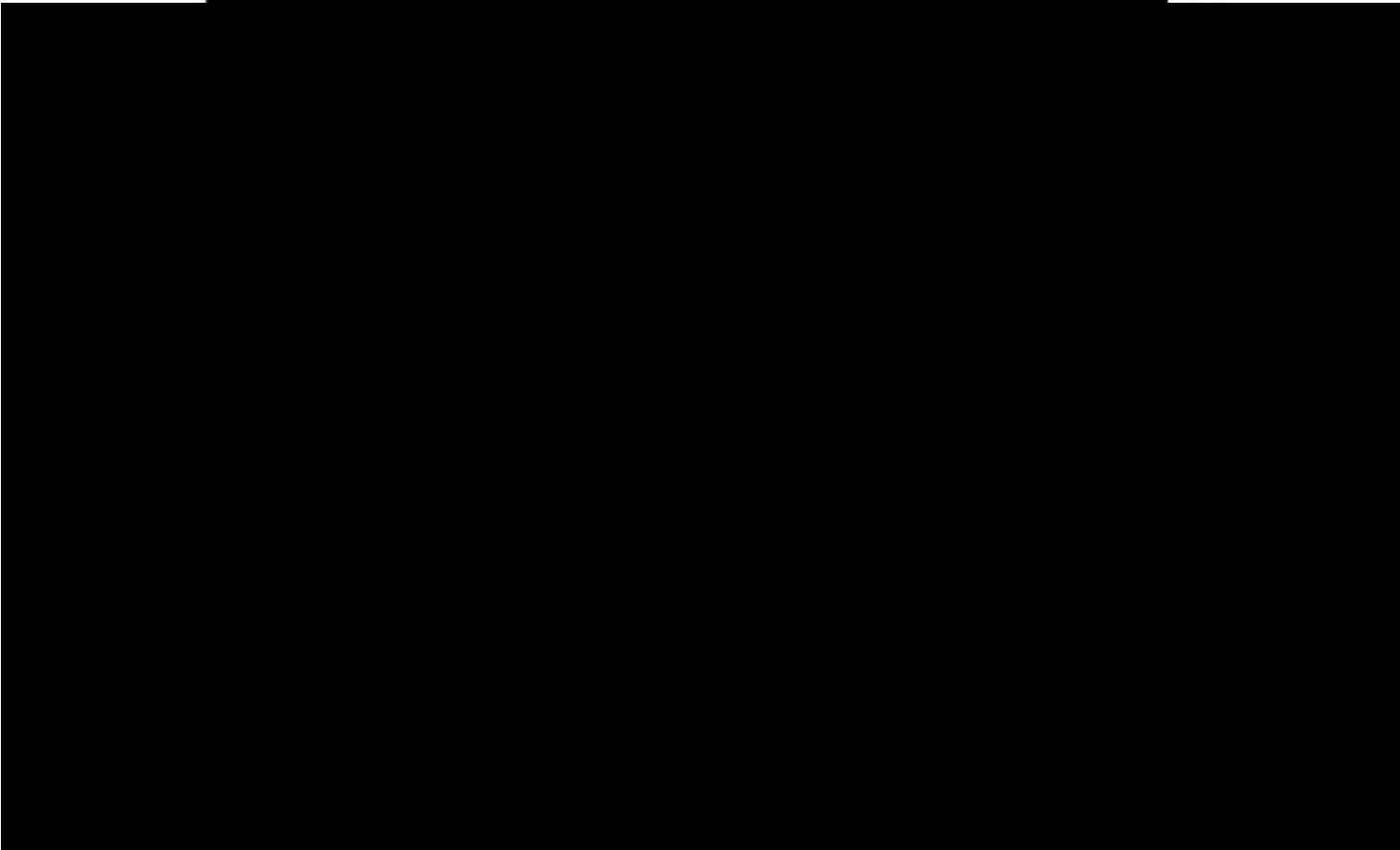
## Subscriptions Billings Bridge



PX-0602.178

APL-APPSTORE\_08883310

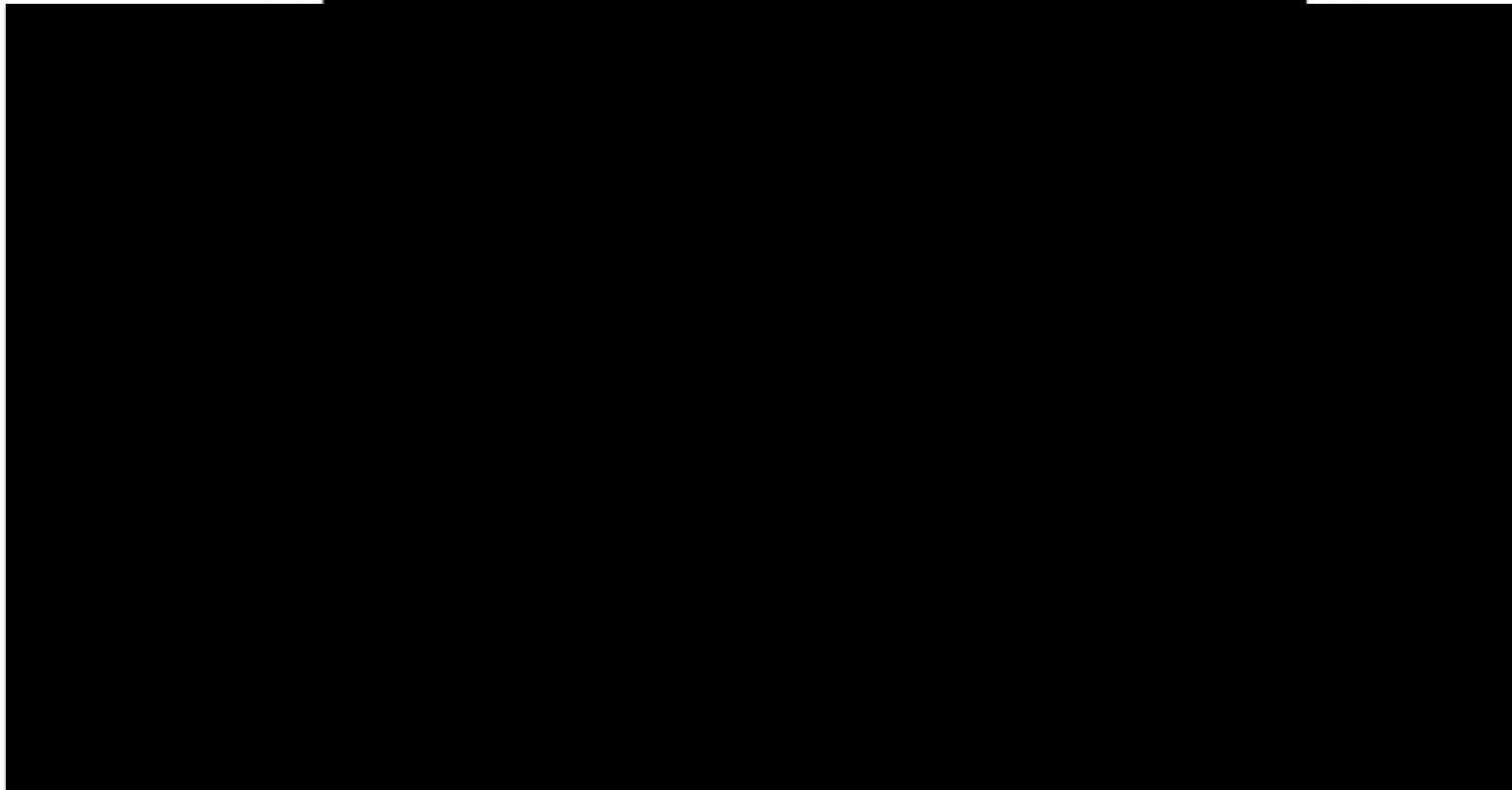
## iOS Apps Billings by Region



PX-0602.179

APL-APPSTORE\_08883311

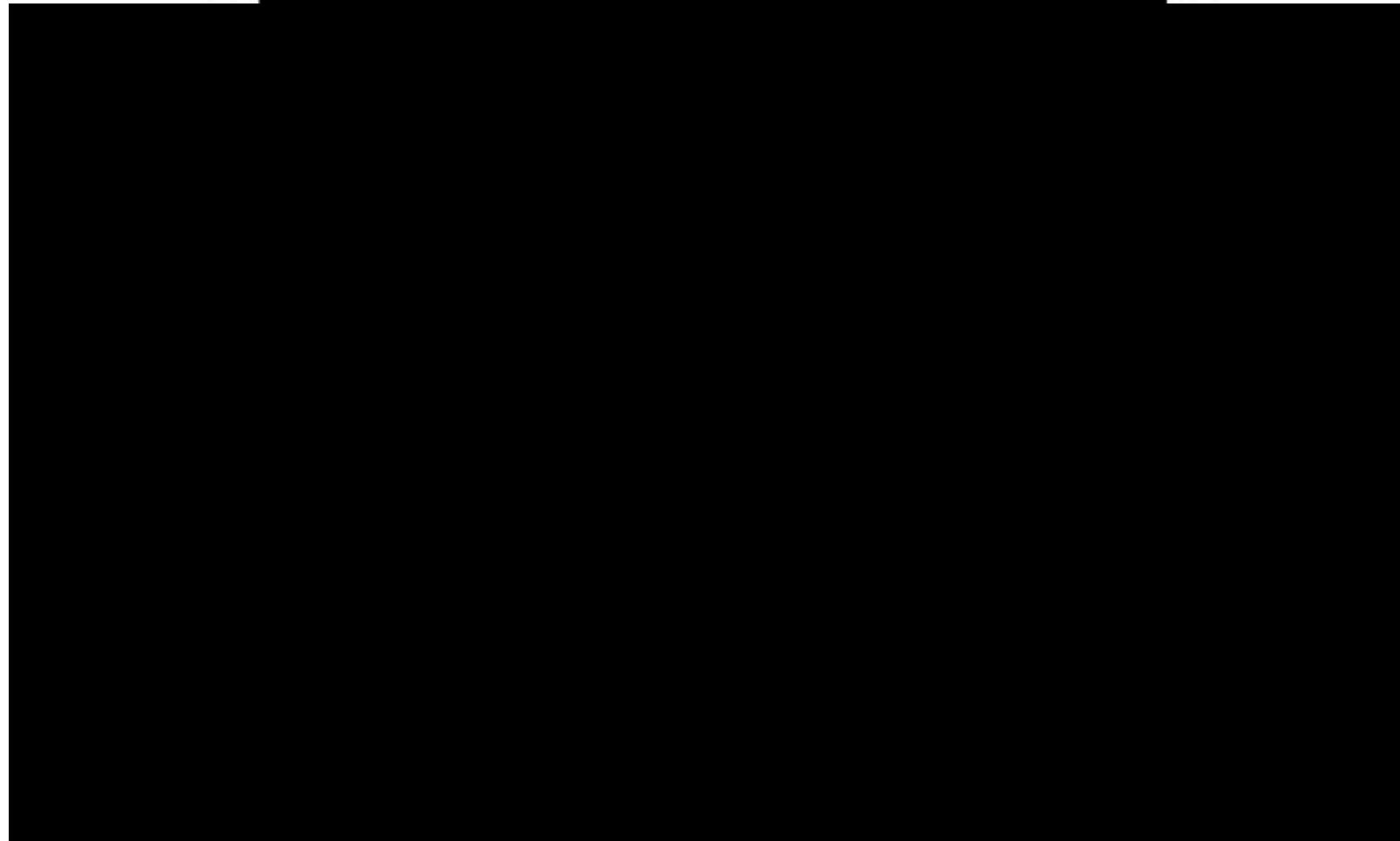
## 3P Subs Billings by Region



PX-0602.180

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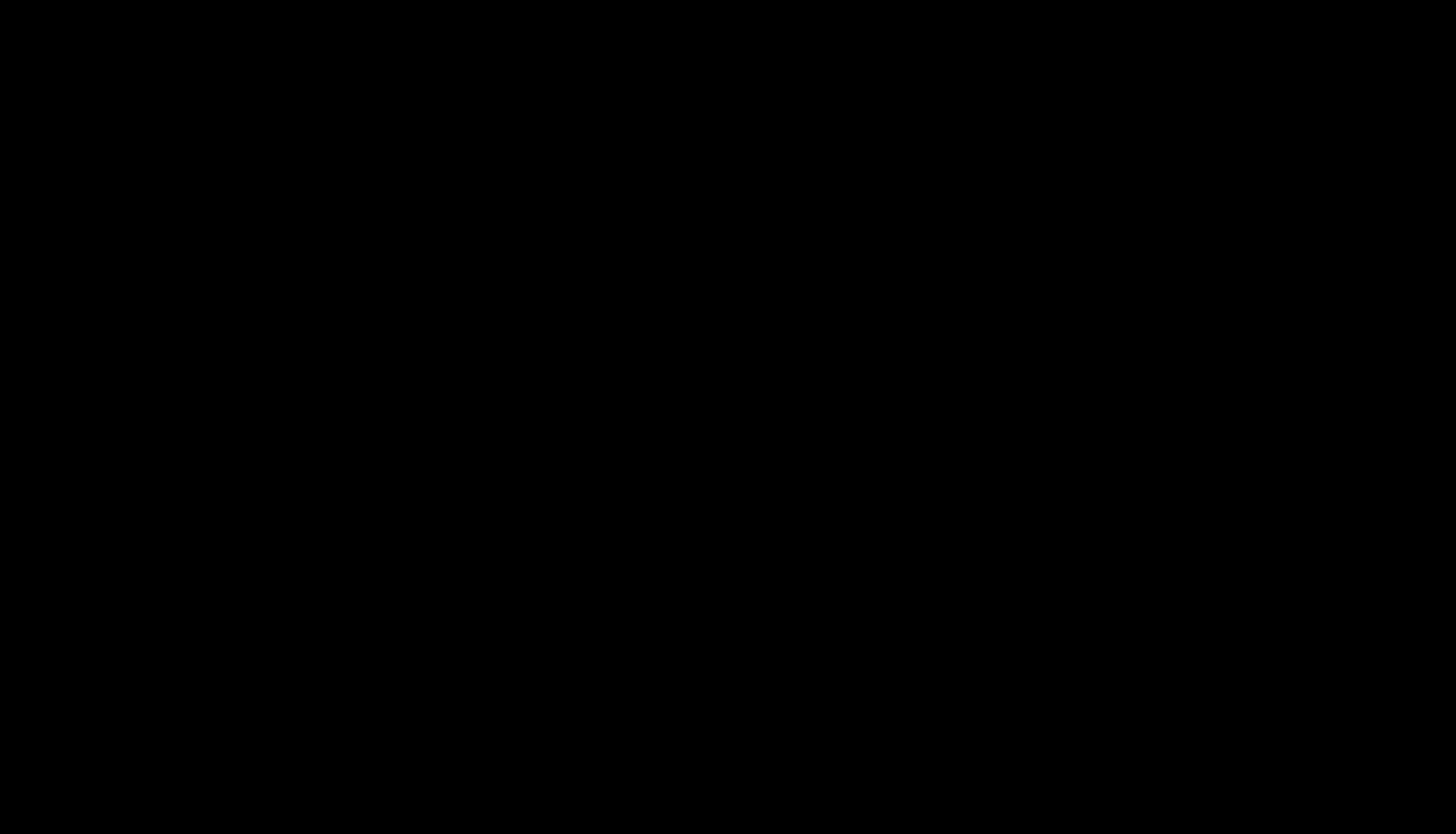
## Mac Apps Billings by Region



PX-0602.181

APL-APPSTORE\_08883313

## AMP Headcount



PX-0602.182

APL-APPSTORE\_08883314

App Store OCOGS

## Localization

## App Store Design

## App Store OPEX

# Baseline growth 3P iOS

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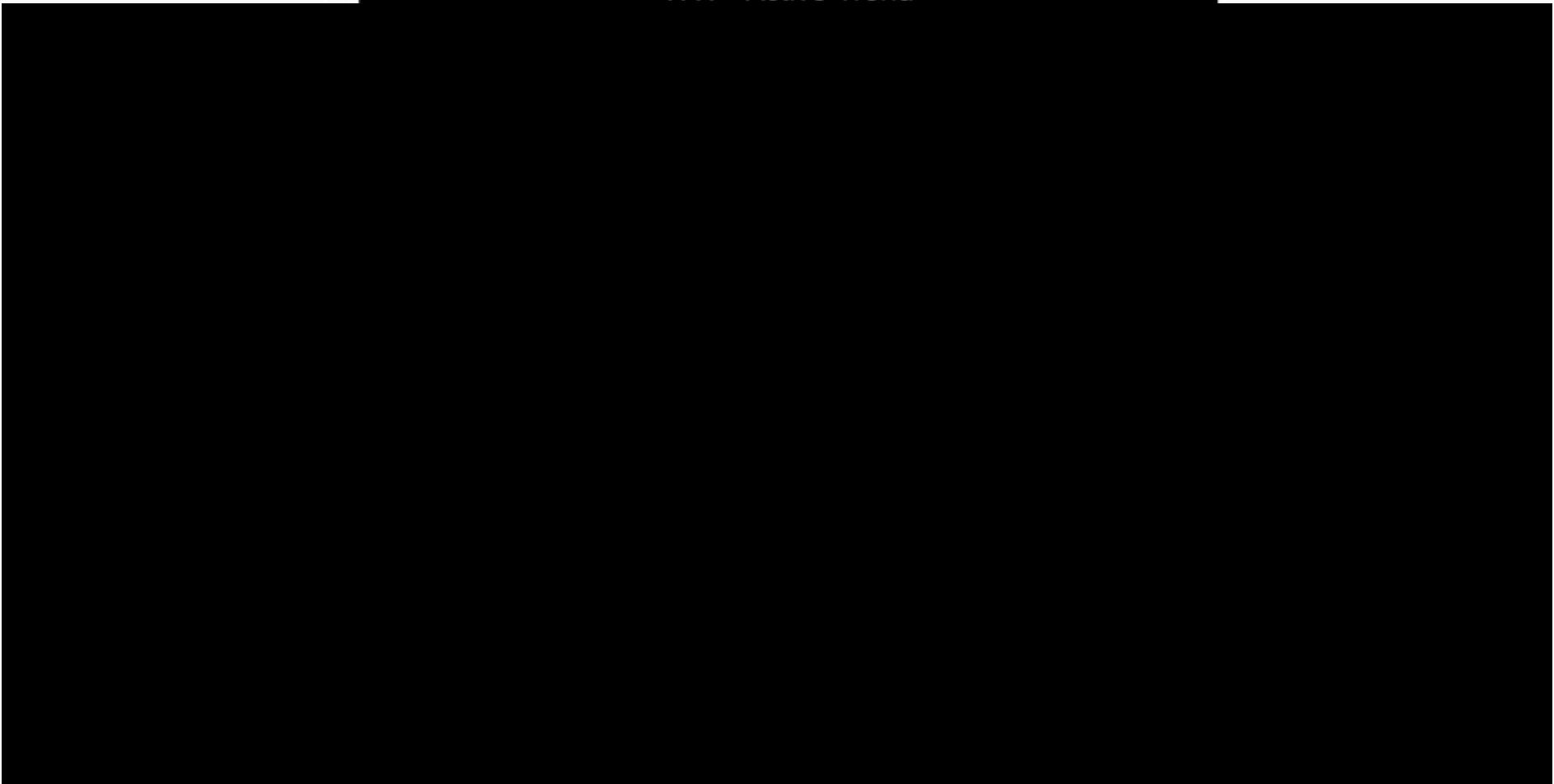


WW

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## WW - Installed Base Trend

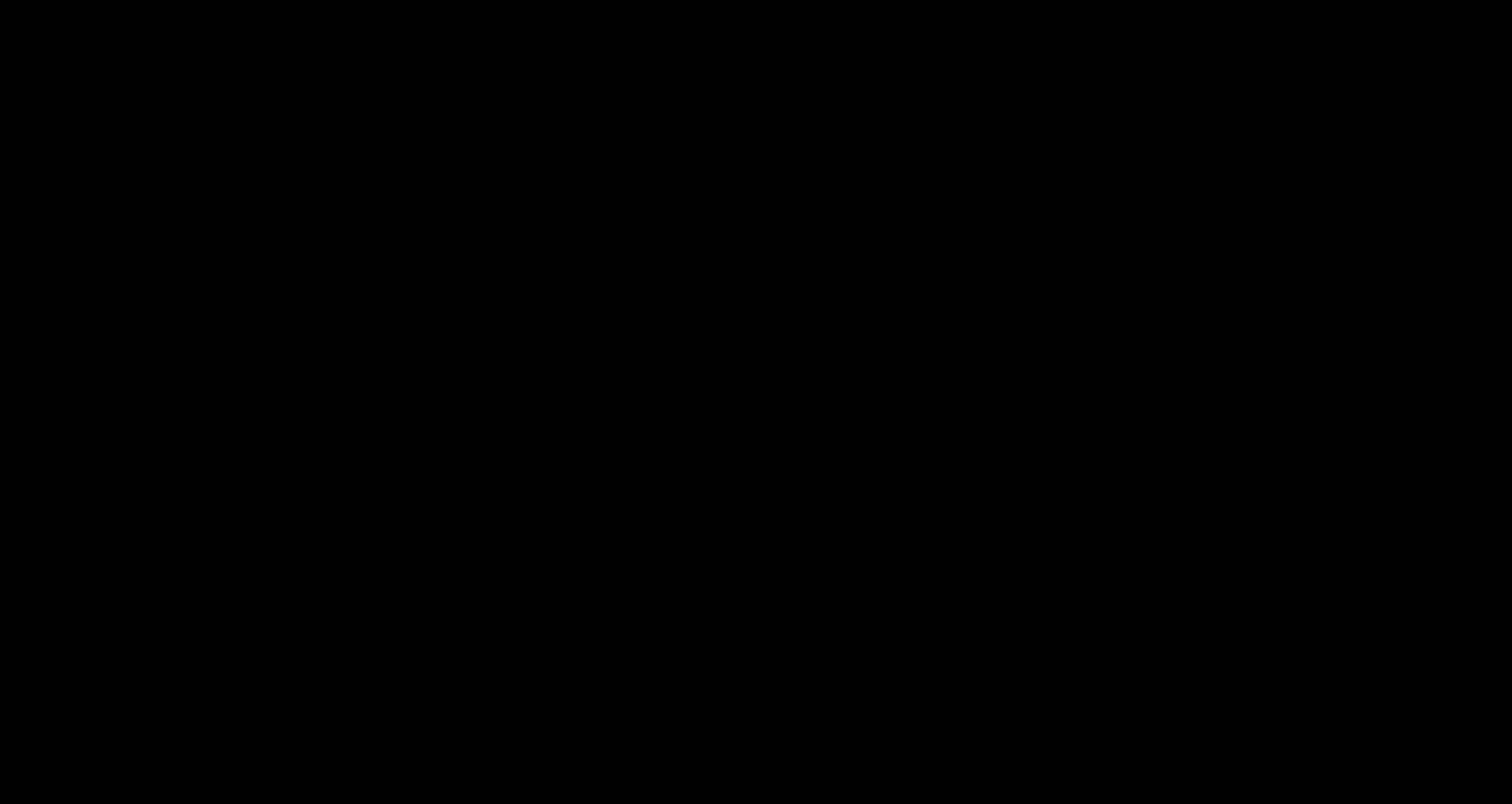
WW - Active Trend



PX-0602.190

APL-APPSTORE\_08883322

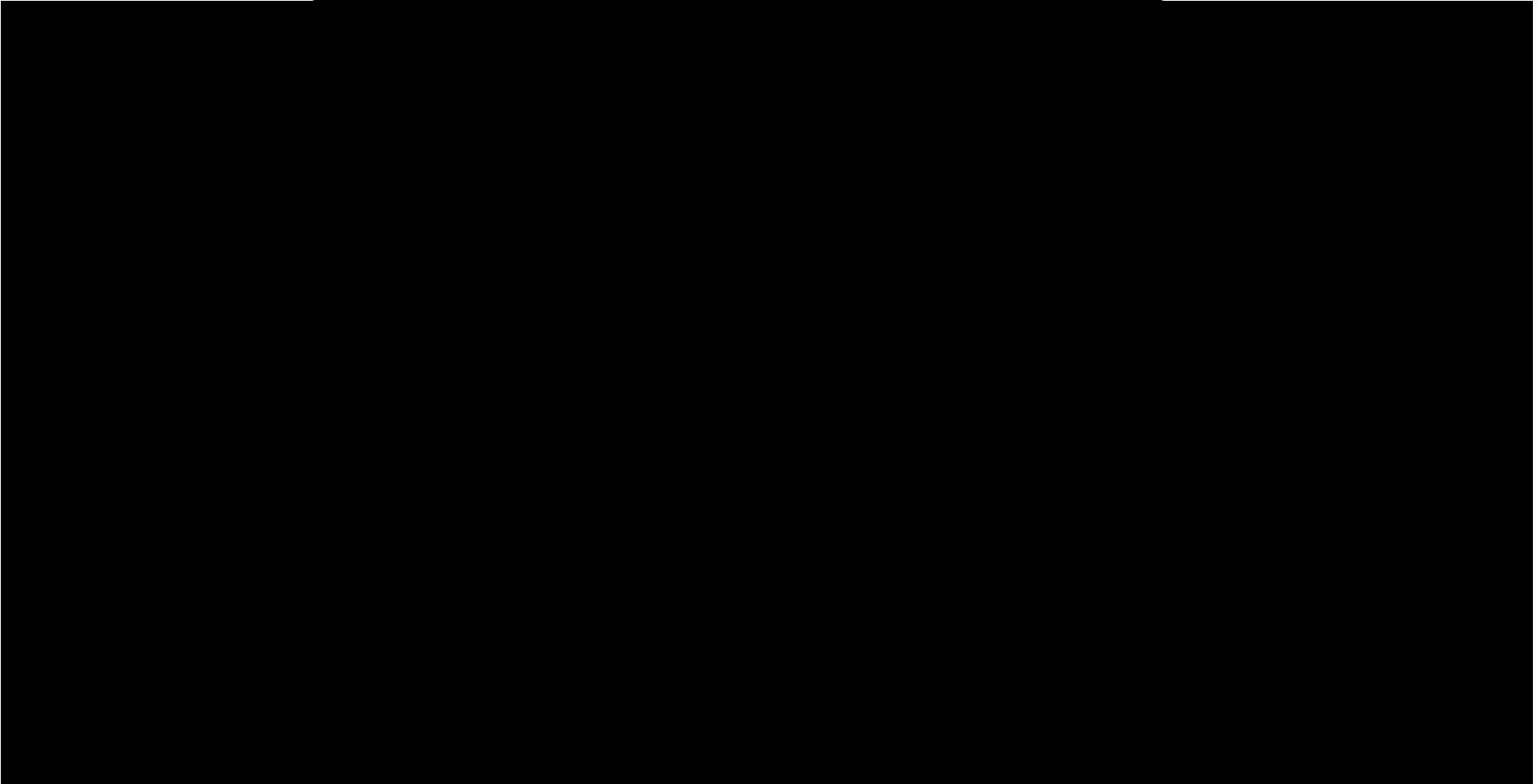
WW - Billings Trend (3P iOS)



PX-0602.191

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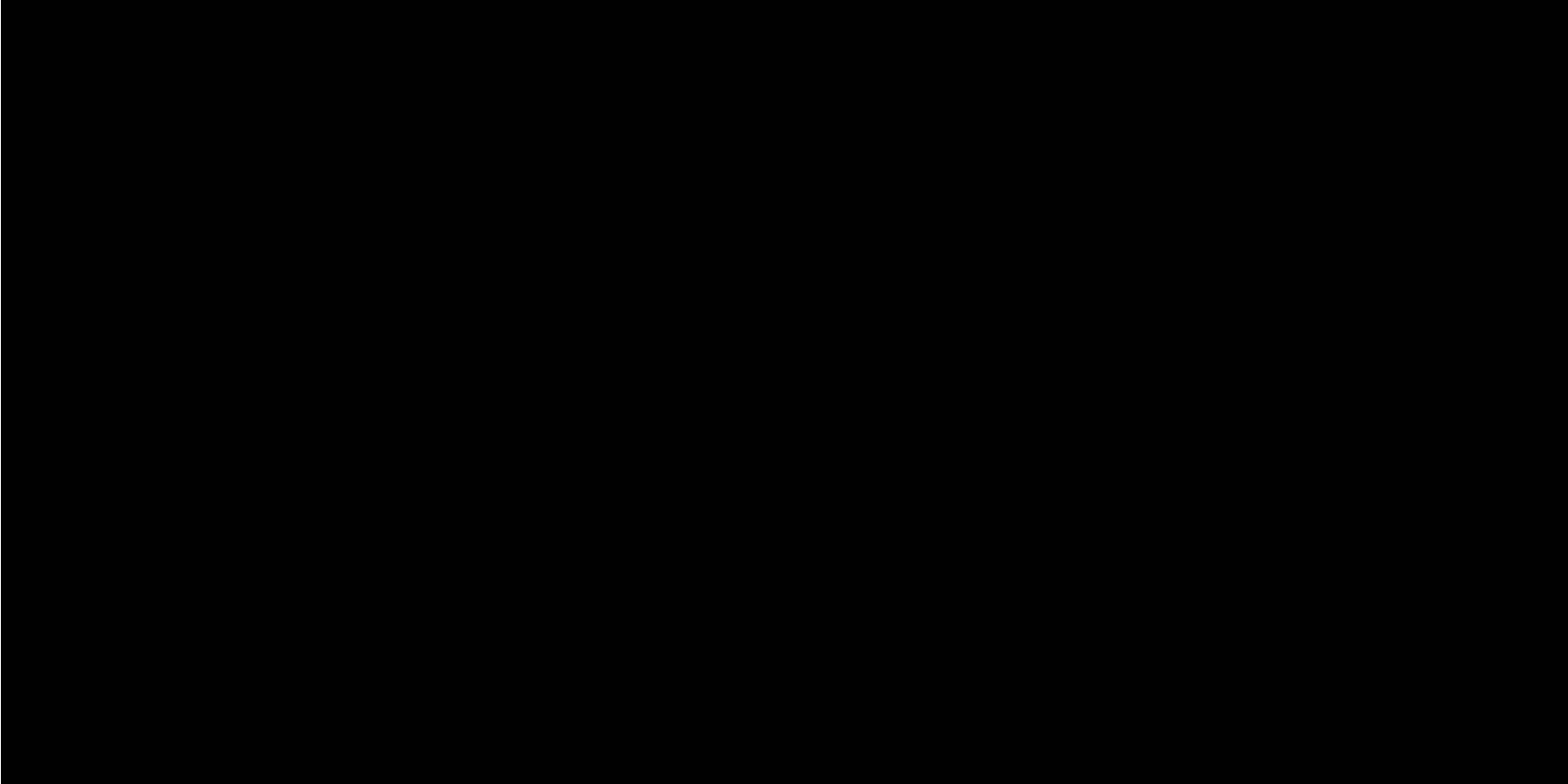
WW - Billings Trend (3P iOS)



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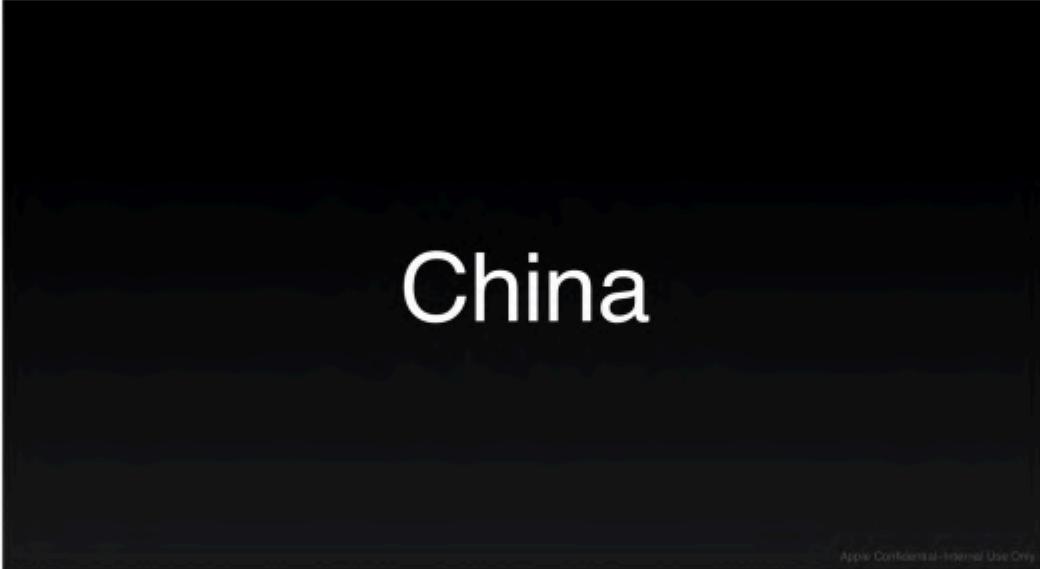
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YoY Bridge (3P iOS)



PX-0602.193

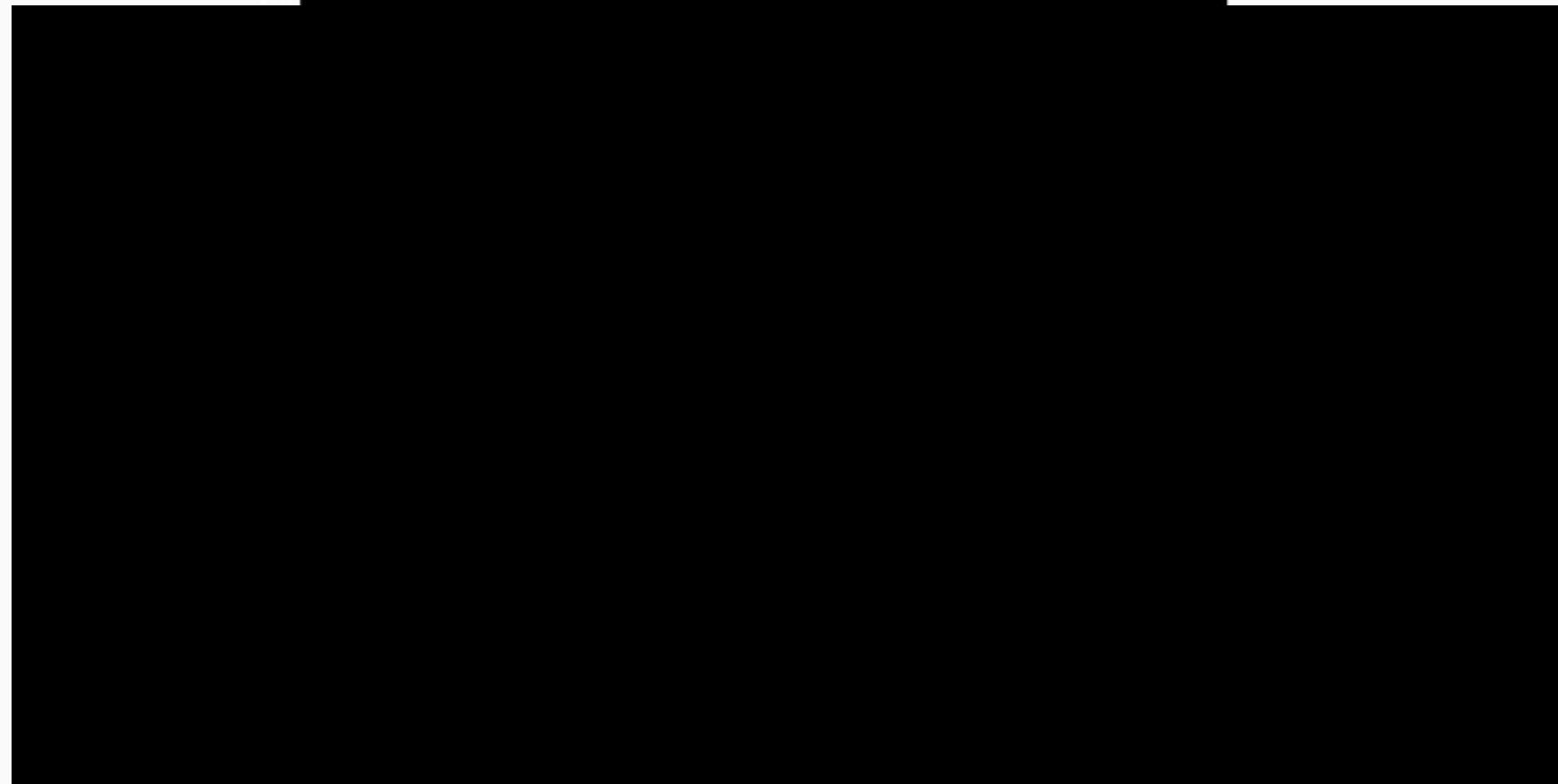
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# China

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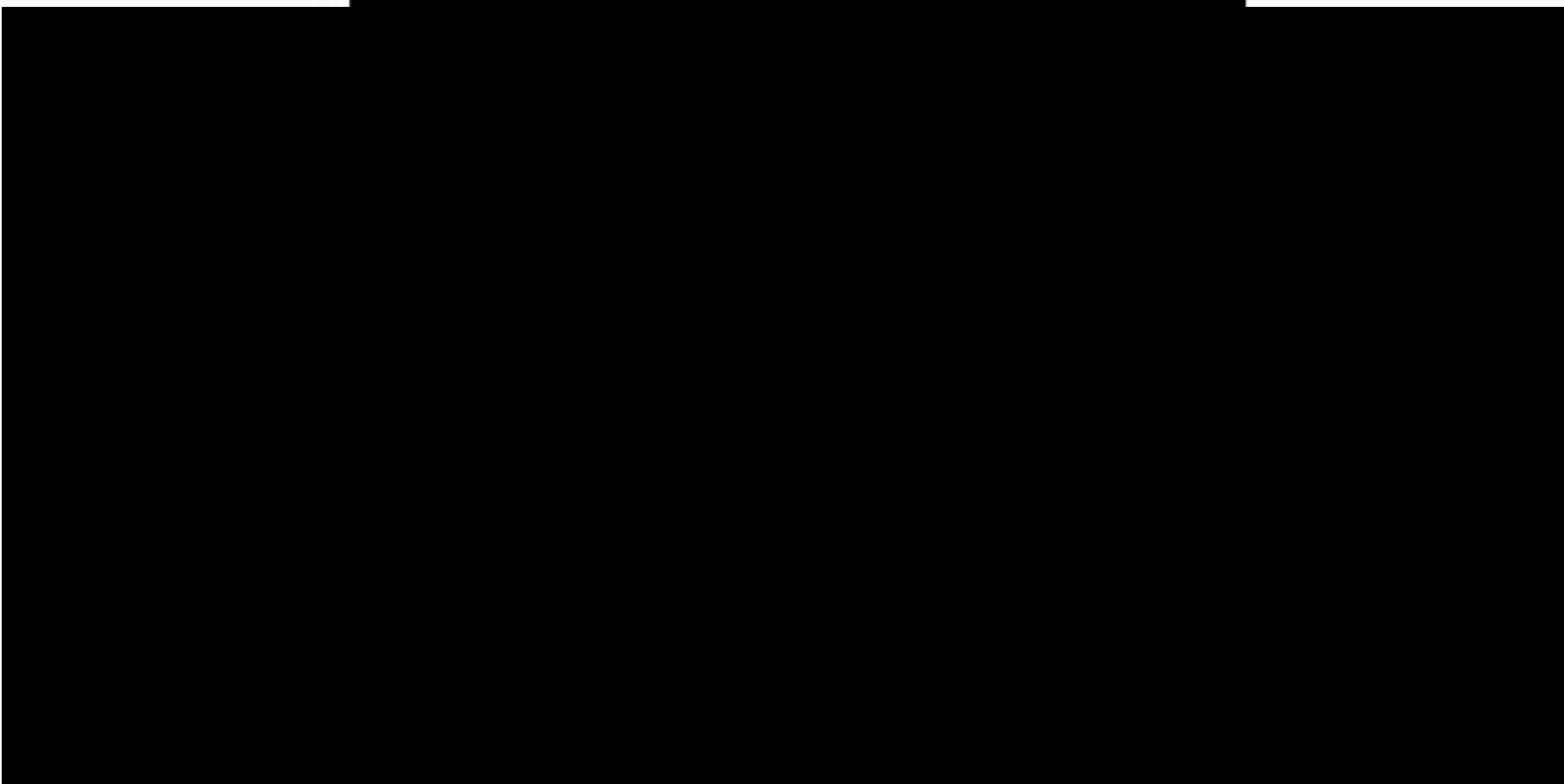
China - Installed Base Trend



PX-0602.195

APL-APPSTORE\_08883327

China - Active Trend



PX-0602.196

APL-APPSTORE\_08883328

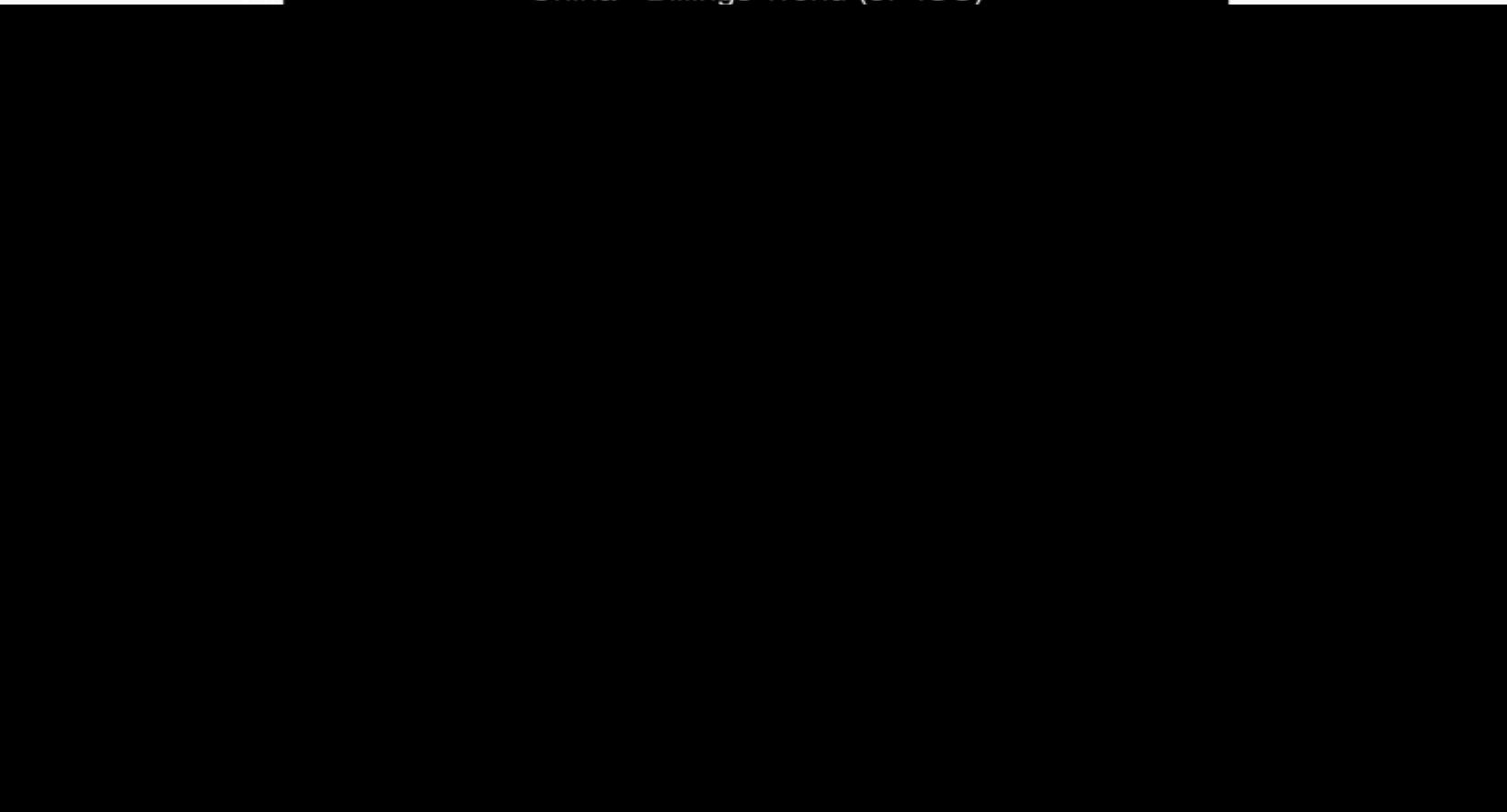
China - Billings Trend (3P iOS)



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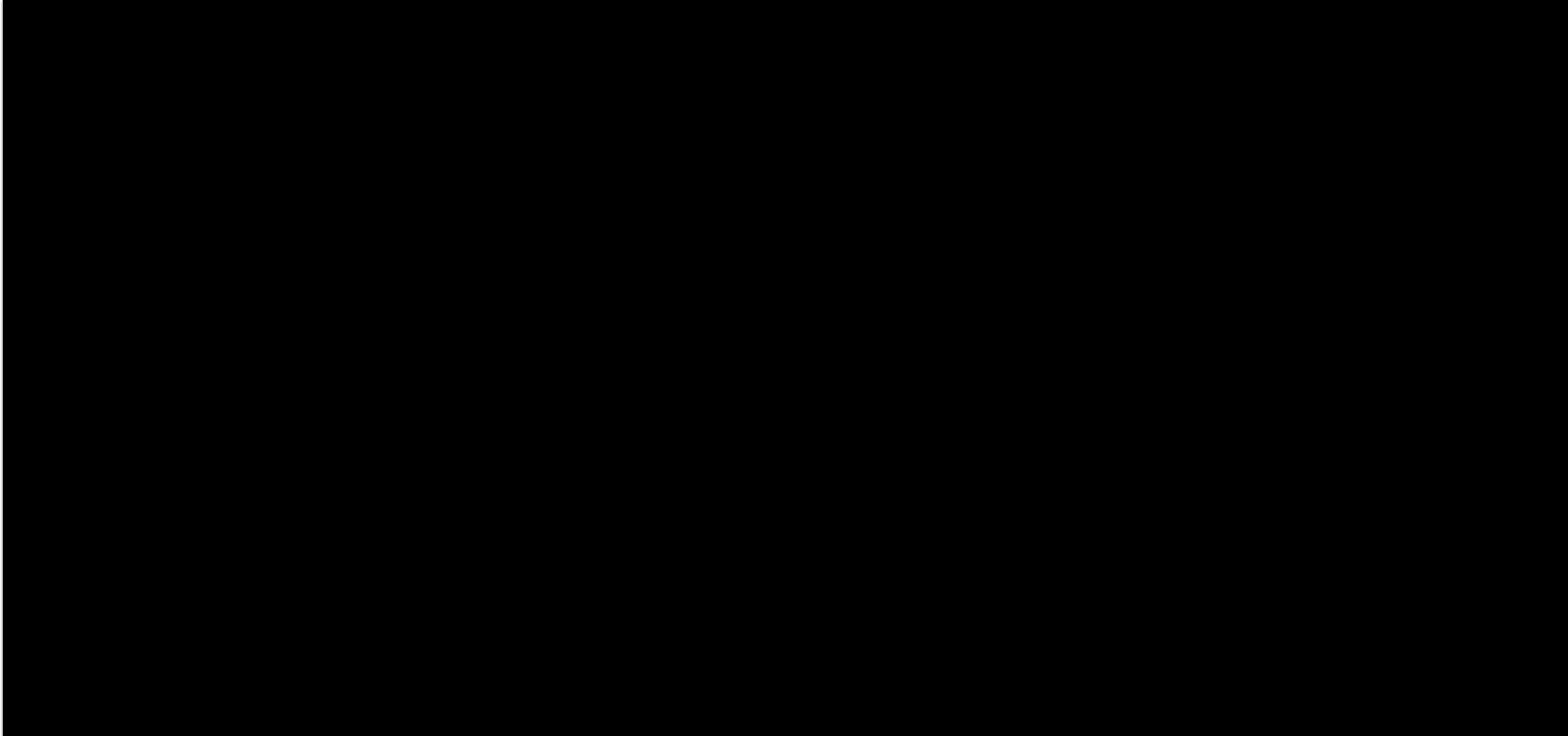
China - Billings Trend (3P iOS)



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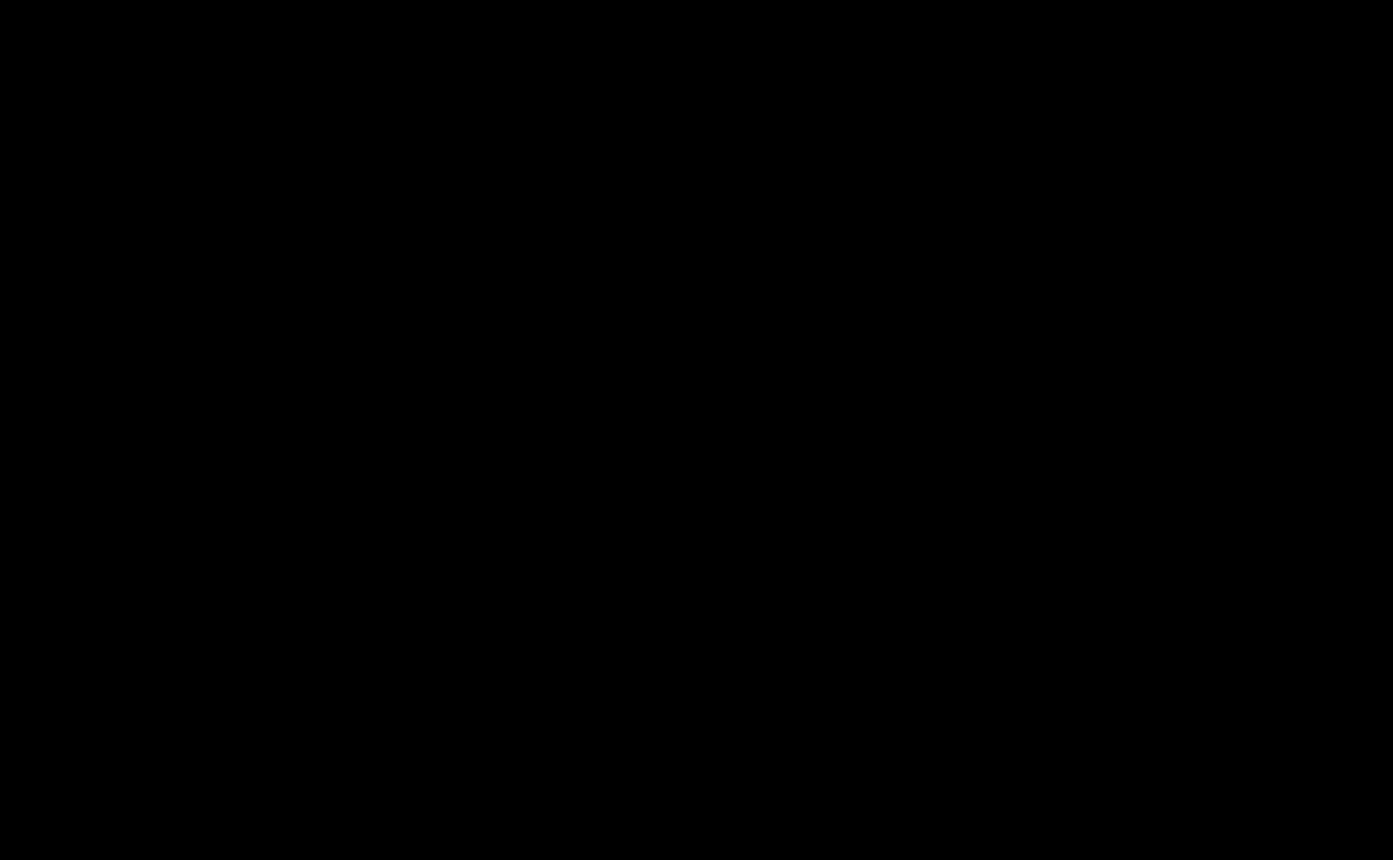
China - YoY Bridge (3P iOS)



PX-0602.199

APL-APPSTORE\_08883331

China - Billings waterfall



PX-0602.200

APL-APPSTORE\_08883332